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2005
BASIC LABOR AGREEMENT
Between
THE TIMKEN COMPANY
and
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THE TIMKEN COMPANY
CANTON, OHIO

1-3-09

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2005
BASIC LABOR AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THIS AGREEMENT, dated as of September 23, 2005, hereinafter referred to as the "2005 Basic Labor Agreement" to become effective at 12:01 a.m., September 25, 2005, except Article VIII - Seniority, which will be effective upon notice by the Company to the Union no later than four (4) calendar weeks from the date of ratification, is between THE TIMKEN COMPANY, hereinafter referred to as the "Company", and UNITED STEELWORKERS OF AMERICA, AFL-CIO on behalf of itself and LOCAL UNIONS NO. 1123, and 1123 Unit 03, said International Union and Local Unions collectively being referred to hereinafter as the "Union".

**ARTICLE I -
CERTIFIED BARGAINING UNITS**

A. The terms "employee" or "employees", as used in this Agreement, apply: To all production and maintenance workers in the bearing, steel and tube plants at Canton, Ohio, the steel and tube plant and bearing plant at Gambrinus (just outside of the City of Canton), the steel plant on Faircrest Street, S.W., Stark County, Ohio, and the plant at Wooster, Ohio, of the Company, excluding supervisors, assistant supervisors, or supervisors in charge of any class of labor, bricklayers, watchmen, guards, factory clerks, or other clerical workers and salaried employees.

B. It is understood and agreed that in connection with the establishment of the bargaining units heretofore described, consent election contracts were executed between the Company and the Union and representatives of the National Labor Relations Board, and eligibility lists of employees and occupations were agreed to in connection with such elections and contracts. In the event a dispute arises as to whether an employee or an occupation is in the bargaining unit heretofore described, the Local Union President shall write to the Superintendent of Industrial Relations in the plant in which such employee or employees are working, setting forth the employee's and Union's position. At a mutually satisfactory time after receipt of such letter by the Company, a meeting shall be arranged between such Local Union President and the Superintendent of Industrial Relations at which time the portion of such eligibility lists affecting the occupation on which such employee or employees are working shall be exhibited to the Local Union President.

Within ten (10) days after such meeting, the Company shall mail its written disposition of the matter to the Local Union President, which written disposition shall be treated as a Step 3 disposition and shall be eligible for appeal to arbitration at the time and in the manner specified in Step 3, Step 4 of the grievance procedure set forth in Article IX hereof.

ARTICLE II - RECOGNITION

A. The Company recognizes the Union as the exclusive representative of the employees of the Company who are covered by terms and provisions of this Agreement for the purposes of collective bargaining within the meaning and subject to the terms and provisions of the Labor-Management Relations Act, 1947, as amended.

B. The Company recognizes and will not interfere with the rights of its employees to become members of the Union. There shall be no discrimination, interference, restraint, or coercion by the Company, or any of its agents, against any employees who are members of the Union because of their membership in the Union.

C. The Union agrees not to intimidate or coerce employees into membership and not to solicit membership or collect dues on Company time.

D. Each employee who, on the date of this Agreement, is a member of the Union in good standing and each employee who shall hereafter become a member after that date shall, as a condition of employment, maintain his membership in the Union.

E. Each employee hired on or after the date of this Agreement shall, as a condition of employment, beginning on the 31st day following the beginning of such employment, acquire and maintain membership in the Union.

F. For the purposes of this Section, an employee shall not be deemed to have lost his membership in the Union in good standing until the International Treasurer of the Union shall have determined that the membership of such employee in the Union is not in good standing and shall have given the Company a written notice of that fact.

G. Each new employee may sign and furnish to the Company at the time of his employment an application card, in duplicate, for membership in the Union, in a form agreed to by the Company and the Union. Such application card shall provide that it shall not become effective until the expiration of thirty (30) days after the date of his employment.

H. The Union shall submit to the Company, in writing, *on or before the 25th day of each month*, a list showing separately for each plant the name and badge number of each employee who shall have become a member of the Union in good standing since the last previous list of such members was furnished to the Company.

I. During the term of this Agreement, the Company will check off monthly dues, assessments, and initiation fees, as designated by the International Treasurer of the Union, as membership dues in the Union, and United Steelworkers of America Political Action Committee (hereinafter USWA PAC) voluntary contributions, on the basis of individually signed voluntary checkoff authorization cards in a form agreed to, in writing, by the Company and the Union. All such amounts shall be promptly remitted to the International Treasurer of the Union at the address which he authorizes for this purpose, except for USWA PAC contributions which shall be promptly remitted to

the Treasurer of the USWA PAC at the address which he authorizes for this purpose.

J. The following general conditions will be applicable:

1. New checkoff authorization cards will be submitted to the Company through the Financial Secretaries of the Local Unions at intervals no more frequent than once each month. On or before the 25th day of each month, the Union shall submit to the Company a summary list of cards transmitted in each month.

2. Deductions on the basis of authorization cards submitted to the Company shall commence with respect to dues for the month in which the Company receives such authorization card or in which such card becomes effective, whichever is later.

3. Unless the Company is otherwise notified, the only union membership dues to be deducted for payment to the Union from the pay of the employees who have furnished an authorization shall be the monthly union dues. The Company will deduct initiation fees when notified by notation on the list referred to in 1. above, assessments as designated by the International Treasurer, and USWA PAC voluntary contributions as designated by the Treasurer of the USWA PAC. With respect to checkoff authorization cards submitted directly to the Company, the Company will not deduct initiation fees, unless specifically requested to do so by the Financial Secretary of the Local Union after the checkoff has become effective.

4. The Company shall pay forty (40) hours of pay per week, computed at Labor Grade 12, to Local Union No. 1123 for its Local Union purposes.

K. The Union shall indemnify and save the Company harmless against any and all claims, demands, suits, or other forms of liability that shall arise out of or by reason of action taken or not taken by the Company in reliance on any list, notice, or assignment furnished to the Company by the Union or for the purpose of complying with any of the provisions of this Article II.

L. It is mutually agreed that, in the application of this Agreement, neither the Union nor the Company will discriminate in any manner prohibited by law between or among any employees of the Company because of race, color, religion, sex, age, national origin, disability, or being a veteran. Wherever in this Agreement the male gender is used, it shall also be construed to include the female gender.

M. The foregoing provisions shall be effective in accordance and consistent with applicable provisions of federal and state law.

N. On the effective date of this Agreement, the Company has an existing contract to have work performed by an outside contractor, which contract, it is understood and agreed, shall remain in effect and the work covered by such contract shall not be subject to the provisions of this Section N until the date upon which such contract shall expire. Provided, however, that the exemption from this Section N shall only apply to the existing contract if the Company is subject to liability, damages, costs, or expenses, based upon or arising out of such contract, for the Company's failure to have the work covered by such contract performed by the outside contractor. The following provisions shall be applicable to any new matter related to the use of outside contractors arising on or after the effective date of this Agreement.

**1. Work Performed by Outside
Contractors Within any Plant
Covered by this Agreement**

a. Production, service, all maintenance and repair work; all installation, replacement, and reconstruction of equipment and productive facilities; other than that listed in Paragraph 1.c. below, all performed within a plant, may continue to be contracted out under circumstances similar to those under which, prior to October 29, 1989, the consistent practice was to have such work performed by employees of outside contractors.

b. Except as may be provided otherwise in Paragraph 1.a. above and 1.c. below, the Company agrees that it will not permit employees of an outside contractor to perform, within a plant, after the effective date of this Agreement, production, service, maintenance and repair work; installation, replacement, and reconstruction of equipment and productive facilities; unless it is determined, that at the time the work is to be performed, it is more reasonable (as defined in Paragraph 6) to have such work contracted out than to have it performed by bargaining unit employees.

c. Major new construction, including major installation, major replacement, and major reconstruction of equipment and productive facilities, as well as work performed on equipment or systems pursuant to manufacturers' warranty work (if it meets the definition of that term set forth in Paragraph 6), within any plant may be contracted out.

The parties will make a good faith effort to define which work is part of the main body of the major new construction and which

work is peripheral. The final decision will be made by the Company. Peripheral work shall be assigned to employees within the bargaining unit, unless it is more reasonable to contract out such work taking into consideration the factors set forth in Paragraph 6.b.

2. Work Performed by Outside Contractors Outside the Plant

a. Production, service, all maintenance and repair work; all installation, replacement, and reconstruction of equipment and productive facilities; other than that listed in Paragraph 2.c. below, originating from a plant covered by this Agreement and performed outside such plant, may continue to be contracted out under circumstances similar to those under which, prior to October 29, 1989, the consistent practice was to have such work performed by employees of outside contractors.

b. Except as may be provided otherwise in Paragraph 2.a. above and 2.c. below, the Company agrees that it will not permit employees of an outside contractor to perform production, service, maintenance and repair work; installation, replacement, and reconstruction of equipment and productive facilities; originating from a plant covered by this Agreement and performed outside such plant, after the effective date of this Agreement, unless it is determined, that at the time the work is to be performed, it is more reasonable (as defined in Paragraph 6) to have such work contracted out than to have it performed by bargaining unit employees.

c. Major replacement, major rebuild, major reconstruction of equipment and productive facilities, as well as work performed on equipment or systems pursuant to manufacturers' warranty

work (if it meets the definition of that term set forth in Paragraph 6), may be performed by employees of outside contractors outside any plant covered by this Agreement.

3. a. A regularly constituted committee for each plant, consisting of not more than four (4) members, half of whom shall be members of the bargaining unit and designated by the District Director of the Union in writing to the Company and the other half designated in writing to the Union by the Company, shall attempt to resolve problems in connection with the operation, application, and administration of the foregoing provisions.

b. In addition to the requirements of Paragraph 4 below, such committee may discuss any other current problems with respect to contracting out brought to the attention of the committee.

4. a. Before the Company finally decides to contract out an item of work as to which it claims the right to contract out, the Union committee members will be notified. Such notice will be given in advance of the final decision to contract out the work except where, in the Company's judgment, emergency situations or emergencies related to customer requirements prevent such timely notice. Such notice shall be in writing and shall be sufficient to advise the Union members of the committee of the location, type, scope, duration, and timetable of the work to be performed so that the Union members of the committee can adequately form an opinion as to the reasons for such contracting out. Should the Union committee believe discussion to be necessary, they will so request the Company in writing within five (5) working days (excluding Saturdays, Sundays, and

Holidays) after receipt of such notice and such a meeting shall be held within three (3) working days (excluding Saturdays, Sundays, and Holidays) thereafter. At such meeting, the parties should review in detail the plans for the work to be performed and the reasons for contracting out such work. On request, the Union members of the committee shall be provided all relevant information in the Company's possession relating to the determination of reasonableness as defined in Paragraph 6 of this Article II, Section N. The Company members of the committee shall give full consideration to any comments or suggestions by the Union members of the committee and to any alternate plans proposed by Union members for the performance of the work by bargaining unit personnel. In addition to the regularly constituted members of the Union committee, one (1) bargaining unit employee, who works in the area of the plant designated on the notice from the Company, shall also have the privilege of being present at and participating in such meeting. Except in emergency situations or emergencies related to customer requirements, such discussions, if requested, shall take place before any final decision is made as to whether or not such work will be contracted out. Should the committee resolve the matter, such resolution shall be final and binding, provided that the location, type, scope, duration, and timetable of the work to be performed, or the conditions related to the reasonable factors as defined in Paragraph 6 of this Article II, Section N have not changed in a meaningful fashion. Should a discussion be held and the matter not be resolved, then in all cases, except those involving emergency situations or emergencies related to customer requirements, the matter may be appealed by the Union directly to expedited arbitration as outlined in Paragraph 5

below. Should the Company fail to give notice, if notice is required under this Paragraph 4.a. or 4.b., or in those cases involving emergency situations or emergencies related to customer requirements, then not later than thirty (30) calendar days from the date of the commencement of the work or in those cases involving work performed outside the plant where the Company failed to give notice, then not later than thirty (30) calendar days from the date the Union receives notice through the established notification procedure, a complaint relating to such matter may be filed under the complaint and grievance procedure, found in Article IX of this Agreement, commencing at Step 3, but to be decided by an arbitrator selected from the Special Arbitration Panel described in Section Q of this Article, such selection to be made in the manner set forth in said Section. In the processing of such a complaint under the procedures of Article IX, the Union members of the Contracting Out Committee shall have all the rights of a grieving employee or employees; the arbitrator shall have all remedial powers and back pay authority necessary to enforce this Section and to remedy violations thereof including the awarding of pay for any earnings lost by any employee by reason of any violations, provided, however, that in any case arising under this Article II, Section N, the arbitrator shall have no power to order capital investment or the hiring of new employees; each succeeding incident of contracting out with or without notice may be the subject of another grievance irrespective of the provisions of Article IX, Section G; and the procedures of Article IX shall otherwise be implemented consistent with this Section N. Notwithstanding the provisions of Article IX, back pay, if any, may be awarded by the arbitrator in cases where the Company fails to give notice

as required by this Paragraph 4.a. and 4.b. if the arbitrator finds that such remedy is appropriate in the circumstances of the case.

b. In the event of emergency situations or emergencies related to customer requirements, notice shall be given to the Union members of the plant's regularly constituted committee within five (5) days of the commencement of the work.

5. The expedited arbitration procedure and the time limits for such procedure shall be as follows:

a. The Chairman of the Contracting Out Committee for the Union shall mail to the Company written notice of appeal of the matter directly to expedited arbitration, postmarked within five (5) calendar days after the date upon which a discussion was held and the matter was not resolved.

b. Within five (5) calendar days after the receipt of such notice of appeal, the parties shall meet at the offices of the plant concerned for the selection of an arbitrator. In the event the Union fails to have a representative present within such five (5) calendar-day period to participate in the selection of an arbitrator, the grievance shall be deemed to have been accepted by the Union and the employee(s) on the basis of the Company's position and shall not be eligible for arbitration.

c. The arbitrator shall be selected as provided in Section Q of this Article.

d. The parties shall notify the arbitrator of his selection by filing a joint notice of appeal of the matter to expedited arbitration with the arbitrator.

e. Promptly after receipt of the notice of appeal, the arbitrator shall agree with the parties as to a mutually satisfactory date. The hearing shall be held within thirty (30) calendar days after the date the notice of appeal to expedited arbitration is filed with the arbitrator.

f. If the arbitrator is unable to schedule and hold the hearing within such thirty (30) calendar-day period because of the unwillingness of either party to proceed, the arbitration proceedings shall be dealt with as follows: (1) if the Company is unable or unwilling to proceed within such thirty (30) calendar-day period, the grievance shall be allowed; (2) if the Union is unable or unwilling to proceed within such thirty (30) calendar-day period, the grievance shall be denied; (3) if the arbitrator is not available to proceed within such thirty (30) calendar-day period, upon notice to that effect or the expiration of such thirty (30) calendar-day period, the Company may implement its decision and commence such work; in that event, another arbitrator shall be selected as provided in Section Q of this Article and the procedure provided in this Section N, Paragraph 5.d., e., f., shall be repeated.

g. The expedited arbitration hearing shall be conducted in the following manner:

(1) The hearing shall be concluded in no more than two (2) consecutive days. The arbitrator shall assure that each party shall have an equal opportunity to use, if needed, a minimum of one-half (1/2) of the hearing to present its case.

(2) No post-hearing briefs shall be filed. Pre-hearing briefs may be filed on the date of the hearing.

(3) The arbitrator shall issue an

expedited decision no later than five (5) calendar days after conclusion of the hearing. The expedited decision shall be limited to a statement that the Company either has a right to contract out the work in question or does not have such a right. This expedited decision shall be explained in a follow-up written opinion which shall be issued no later than fifteen (15) calendar days after conclusion of the hearing.

6. Definitions

a. The term "outside contractor" or "vendor" shall mean any entity, excluding the Company and its subsidiaries, which is a party to a contract with the Company. The term "subsidiary" as used herein shall mean an entity fifty percent (50%) or more directly or indirectly owned or controlled by the Company.

b. It shall be "more reasonable" for the Company to have work contracted out if it is determined, that at the time the work is to be performed:

(1) the Company will not have the employees available at such plant, either active or laid off reduction in force, who possess the necessary skills to perform the work. For Trade and Craft employees, employees in the occupation of Stores Controller, and employees in the occupation of Material Controller/Attendant, except Bearing Machinists, availability as defined in this Paragraph b. (1), shall mean being fully utilized by performing the duties of the occupation as defined in the job descriptions as of January 1, 2004. For Bearing Machinists, availability shall mean being fully utilized by performing duties of the Machinist/Finisher occupation and, effective June 30, 2006, a minimum of fifty percent (50%) of the employees in that occupation will be fully

utilized as defined in the job description of Machinist as of January 1, 2004. Further, it is understood that any Steel Machinist vacancy filled by post and bid in the Bearing Plant shall be counted for the purpose of calculating the above percentage; or

(2) the Company will not have the necessary existing equipment to perform the work; or

(3) the work cannot be done with the Company's employees who work at such plant at competitive quality; or

(4) the work cannot be done with the Company's employees who work at such plant within the time period desired by the Company, provided such time period is reasonable under the circumstances.

c. The term "manufacturers' warranty work" means work performed pursuant to a warranty for the limited time necessary to make effective the following seller guarantees:

(1) That new or rehabilitated equipment or systems are free of errors in quality, workmanship, or design.

(2) That new or rehabilitated equipment or services will perform at stated levels of performance and/or efficiency subsequent to installation.

It is understood that manufacturers' warranties are commitments associated with a particular product or service in order to assure that seller representations will be honored at no additional cost to the Company. It is further understood that long-term service contracts are not within the definition of manufacturers' warranty work.

7. Notwithstanding the provisions of Article IX, in arbitrations conducted pursuant to either the expedited arbitration procedure or the regular arbitration procedure, the arbitrator shall have the authority to award back pay.

8. Trade and Craft Hours of Pay Guarantee

a. An employee working in a trade and craft occupation, as defined in the Job Classification Manual, shall be guaranteed forty (40) hours of pay, at the Standard Hourly Wage Rate for his occupation, for any week during which trade and craft employees of an outside contractor are working within the plant performing the duties of his occupation that he would otherwise perform. This guarantee shall apply only to affected employees in the trade and craft occupation at the plant. An affected employee is defined as an employee in such trade and craft occupation who receives less than forty (40) hours pay for such week, or who is available for work but on layoff during such week and who would perform such work if not laid off.

b. The number of employees eligible for the forty (40)-hour pay guarantee in any given week shall be the lesser of the number of employees of the outside contractor performing the trade and craft work at issue, or the number of affected employees during such work week. Such guarantee shall not be applicable with respect to outside contractors' employees working in the plant on new construction, including major installation, major replacement, and major reconstruction of equipment and productive facilities, as well as work performed on equipment or systems pursuant to manufacturers' warranty work.

O. BASE FORCE GUARANTEE

1. Subject to the provisions of Paragraph 2, the Company guarantees it shall maintain a Base Force of 2443 active and inactive employees covered by the Basic Labor Agreement during the term of this Agreement. The Base Force protection shall be monitored and enforced by location. The Base Force level of bargaining unit employees at each location shall be as follows: for the Local Union No. 1123 plant defined in Article VIII.B.6.(a) as "Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant" 800 Employees, and for the Local Union 1123 plant defined in Article VIII.B.6.(b) as "Harrison, Gambrinus, Faircrest, and Wooster Steel Plants" 1643 Employees (provided, however, that if the Company constructs the X-Mill as outlined in Article VIII.B.7. of this Agreement, the Base Force level of bargaining unit employees at this plant defined in Article VIII.B.6.(b) shall be increased by one (1) employee for each one (1) employee who becomes permanently classified in an occupation at the new X-Mill). Provided, however, that the Company shall recalculate the number of active and inactive employees with more than three (3) years of continuous service at the "Harrison, Gambrinus, Faircrest, and Wooster Steel Plants" on October 1, 2007, and compare that number to the modified Base Force number on September 30, 2007, as reported to the Union, pursuant to Paragraph 3, of this Section O. Subject to the provisions of Paragraph 2, the Base Force level for the "Harrison, Gambrinus, Faircrest, and Wooster Steel Plants" shall be maintained at the higher of the two (2) numbers during the remaining term of this Agreement. Further, it is understood that the Base Force number for the "Canton and Gambrinus Bearing

Plants and Gambrinus Roller Plant" shall not be less than 800 as of October 1, 2005; 650 as of October 1, 2006; 600 as of October 1, 2007; and 500 as of September 27, 2009.

2. The Base Force levels set forth in Paragraph 1 shall be modified by reducing the Base Force numbers for each location when an employee leaves the Company for any of the following reasons: voluntarily quits the service of the Company, dies, is discharged, or retires voluntarily from the service of the Company on or after the effective date of this Agreement. Provided, however, that the Base Force level shall only be reduced by one (1) employee for every three (3) employees who retire voluntarily from the service of the Company.

3. The status of the Base Force, as modified under Paragraph 2, shall be reviewed on a monthly basis. Monthly reports will be provided by the Company to the Union. If upon such monthly review the Base Force at a location is below the modified Base Force level, the Company will fill any reduction in the Base Force promptly, but no later than within ninety (90) days, except for occupations which require special skills which shall be filled within one hundred twenty (120) days, following the monthly Base Force review on which it was determined that the Base Force was below the modified Base Force level.

4. If a disaster occurs, the Base Force Guarantee will be terminated. For the purposes of this Section, disaster is defined as:

a. Severe financial difficulties short of bankruptcy filing. Such financial difficulties must represent a clear and present danger to the Company's viability. Termination can occur under this Paragraph by mutual agreement of the par-

ties, or if no mutual agreement is reached, then unilaterally by the Company. Such unilateral termination or other disputes concerning this Paragraph shall be subject to arbitration pursuant to a special emergency procedure to be agreed upon by the parties. The arbitrator shall be selected from the Special Arbitration Panel described in Section Q of this Article, such selection to be made in the manner set forth in said Section. In the event of unilateral termination which is subjected to arbitration, the termination shall not take effect until the arbitrator has ruled. The sole issue for the arbitrator in an arbitration concerning the Company's unilateral termination under this Paragraph shall be to determine whether the financial difficulty asserted by the Company does, in fact, represent a clear and present danger to the Company's continued viability.

b. A petition in Bankruptcy Court for reorganization or liquidation is filed and the Court finds that it is necessary to reject this Agreement and issues an order under bankruptcy laws authorizing such rejection.

5. In the event of the permanent shutdown of a plant qualifying the employees of such plant(s) for Pension Due To Shutdown under the Pension Agreement, the Base Force numbers set forth above shall be reduced by the Base Force number attributable to such plant(s).

P. SECURITY PAYMENT BENEFIT

1. a. An employee of the Harrison and Faircrest Steel Plant and an employee of the *Gambrinus and Wooster Steel Plant* employed on or before January 1, 2005, having two (2) or more years of continuous service shall have the opportunity to earn a 500-Hour Per Quarter Security

Payment Benefit for any quarter in which the employee is paid less than 500 hours, as computed in Paragraph 2 below. Provided, however, that when any such employee who is on layoff for reduction of forces or physical reasons and who at the time such layoff began had less than two (2) years of continuous service returns to work with unbroken continuous service, such employee shall not be eligible for the opportunity to earn such Security Payment Benefit until the first full quarter after his return to work. For purposes of this Security Payment Benefit, each year shall begin with the beginning date of the first pay period following October 1.

b. Any employee of the Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant employed on or before January 1, 2005, having two (2) or more years of continuous service and who is in the eighty-five percent (85%) percentile at the beginning of each month, shall have the opportunity to earn a 2000-Hour Per Year Security Payment Benefit. Having achieved the eighty-five percent (85%) percentile in any month, the employee shall thereafter be entitled to a Security Payment Benefit during the entire term of this Agreement. Further, any employee who was eligible for the Bearing Security Payment Benefit during the 2000 Basic Labor Agreement, shall be eligible for a Security Payment Benefit during the entire term of this Agreement. Provided, however, that when any such employee who is on layoff for reduction of forces or physical reasons and who at the time such layoff began had less than two (2) years of continuous service returns to work with unbroken continuous service, such employee shall not be eligible for the opportunity to earn such Security Payment Benefit until the first full month after his return to work.

2. For the purposes of this 500-Hour Per Quarter Payment opportunity or 2000-Hour Per Year Payment opportunity only, the following provisions shall apply:

a. A 500-Hour Per Quarter Payment Benefit for a particular thirteen (13)-week quarter will be calculated by multiplying the employee's average standard hourly wage rate, for all occupations in which the employee was permanently classified during the quarter, by the excess of 500 hours over the sum of hours in the quarter or a 2000-Hour Per Year Payment Benefit for a particular fifty-two (52)-week year will be calculated by multiplying the employee's average standard hourly wage rate, for all occupations in which the employee was permanently classified during the year, by the excess of 2000 hours over the sum of hours in the year equal to that which the employee:

(1) worked in a quarter/year, and

(2) did not work but was paid by the Company, and

(3) did not work for reasons other than lack of work (no charge for refusal of overtime), and

(4) received payments made by the Company under the Supplemental Unemployment Benefit Agreement (credited at the rate of twelve (12) hours per week of such payments), and

(5) received State Unemployment Compensation Benefits and payments made by the Company under the Supplemental Unemployment Benefit Agreement covering the same time period (credited at the rate of twenty (20) hours per week of such combined payments).

3. In addition, the hours the employee did

not work because of any of the following events shall be added to the other reasons considered to be hours the employee "did not work for reasons other than lack of work" under Paragraph 2.a.(3) above:

a. any strike, slowdown, work stoppage, picketing, or concerted action involving employees or members of a Union, which is the collective bargaining agent of the employee, whether at any plant of the Company or elsewhere, and

b. any strike, slowdown, work stoppage, picketing, or dispute of any kind involving persons employed by the Company, when such action interferes with production or the ingress or egress of material or product at the plant where the employee works, and

c. any strike, slowdown, work stoppage, picketing, or concerted action or any labor dispute of any kind involving persons employed by transportation or utility companies which directly interferes with production or the ingress or egress of material or product at the plant where the employee works, and

d. any war or hostile action of a foreign power, which directly interferes with production or the ingress or egress of material or product at the plant where the employee works, and

e. government regulations or controls over amount or kind of material or product which the Company may use or sell, which directly interferes with production at the plant where the employee works, and

f. sabotage or insurrection, which directly interferes with production at the plant where the employee works, and

g. Acts of God or an order issued by a competent court or agency under any Federal or State Environmental Law which requires the Company to reduce or suspend operations at the plant where the employee works.

4. If a disaster occurs, the Benefit will be terminated. For the purposes of this Section, disaster is defined as:

a. Severe financial difficulties short of bankruptcy filing. Such financial difficulties must represent a clear and present danger to the Company's viability. Termination can occur under this Paragraph by mutual agreement of the parties, or if no mutual agreement is reached, then unilaterally by the Company. Such unilateral termination or other disputes concerning this Paragraph shall be subject to arbitration pursuant to a special emergency procedure to be agreed upon by the parties. The arbitrator shall be selected from the Special Arbitration Panel described in Section Q of this Article, such selection to be made in the manner set forth in said Section. In the event of unilateral termination which is subjected to arbitration, the termination shall not take effect until the arbitrator has ruled. The sole issue for the arbitrator in an arbitration concerning the Company's unilateral termination under this Paragraph shall be to determine whether the financial difficulty asserted by the Company does, in fact, represent a clear and present danger to the Company's continued viability.

b. A petition in Bankruptcy Court for reorganization or liquidation is filed and the Court finds that it is necessary to reject this Agreement and issues an order under bankruptcy laws authorizing such rejection.

5. In the event of the permanent shutdown of a plant qualifying the employees of such plant(s) for Pension Due To Shutdown under the Pension Agreement, Security Payment Benefit payments shall be terminated for the employees of such plant as of the quarter following the date that work ceases at such plant.

6. In addition, in the event of a significant decrease in the level of operations, as outlined and defined on the table marked Addendum 1, and attached to this Section, and such significantly decreased level of operations extends beyond a consecutive two (2)-month period, the 500-Hour Per Quarter Payment Benefit shall be reduced by 166 hours per month for each month after said second consecutive month, until such time as the level of operations rises above the significantly decreased level of operations for a consecutive two (2)-month period.

7. Disputes arising under this Security Payment Benefit are subject to arbitration as provided in Article IX of the Basic Labor Agreement. *The arbitrator shall be selected from the Special Arbitration Panel described in Section Q of this Article, such selection to be made in the manner set forth in said Section.* Grievances involving such dispute shall be entered in Step 3 of the grievance procedure and proceed directly into a Step 3 hearing within ten (10) calendar days. The Company shall respond within ten (10) days of this hearing. To appeal to Step 4, a Representative of the International Union shall mail to the Company written notice of appeal of the grievance to arbitration, postmarked within ten (10) calendar days after the receipt at the address of the Representative of the International Union of the disposition of the duly designated

representative of the Company in Step 3. The arbitrator shall have authority only to decide the question in accordance with the applicable provisions of the Security Payment Benefit or this Agreement, but he shall not have authority in any other way to alter, add to, or subtract from any of the provisions of the Security Payment Benefit or this Agreement.

8. This Plan does not modify, expand, or limit in any way whatsoever the parties' rights and obligations under the Contracting Out provisions (Article II, Section N) of this Basic Labor Agreement.

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ADDENDUM 1

PLANTS	LEVEL OF MONTHLY OPERATIONS WHICH TRIGGER REDUCTION UNDER PARAGRAPH 6	DESCRIPTION
Harrison and Faircrest Steel Plants	85,000 tons	Equivalent Ingot Tons
Gambrinus and Wooster Steel Plant	20,250 tons	Total Pierce Tons
X-Mill if constructed	No trigger	

**Q. IMPARTIAL ARBITRATION FOR
CONTRACTING OUT (SECTION N), BASE
FORCE GUARANTEE (SECTION O), AND
SECURITY PAYMENT BENEFIT
(SECTION P)**

1. The parties have agreed upon a panel of eight (8) Impartial Arbitrators who are members of the National Academy of Arbitrators and have expertise in contracting out and job security issues in the steel industry to hear and decide disputes arising under the Contracting Out provision (Section N), the Base Force Guarantee provisions (Section O), and the Security Payment Benefit (Section P).

2. The parties shall select an arbitrator to hear a particular case by drawing the name of the arbitrator from among all the names on the Impartial Arbitration Panel. The procedure for drawing the name of the arbitrator shall be as set forth in the last paragraph of Paragraph b. of Step 4 of Article IX - Adjustment of Grievances.

3. It is agreed, however, that in hearing and deciding disputes arising under the Contracting Out provisions (Section N), the Base Force Guarantee provisions (Section O), and the Security Payment Benefit provisions (Section P), the arbitrator shall have no power to add to or subtract from or modify any of the terms of this Agreement.

ARTICLE III - MANAGEMENT

It is understood and agreed that the Company has all the customary and usual rights, powers, functions and authority of management.

Any of the rights, powers, functions or authority which the Company had prior to the signing of this Agreement, or any Agreement with the

Union, including those in respect of rates of pay, hours of employment or conditions of work, are retained by the Company, except as those rights, powers, functions or authority are specifically abridged or modified by this Agreement or by any supplement to this Agreement arrived at through the process of collective bargaining.

ARTICLE IV - STRIKES AND LOCKOUTS

There shall be no strikes by the Union or lockouts by the Company during the life of this Agreement or any extension thereof.

For the purpose of this Agreement, a strike shall be defined as an intentional slowdown in the rate of production, any intentional interruption of production or suspension of work, any work stoppage, labor holiday, continuous meeting or concerted mass sickness.

In the event of a strike, the parties shall not discuss the grievance allegedly causing such strike or any other grievances until such strike is terminated.

Any employee who promotes, advocates, leads, encourages or participates in a strike shall be subject to disciplinary layoff or discharge by the Company during the strike or after its conclusion. Any disciplinary layoff hereunder may be subject to review under the terms of Article IX hereof and any discharge hereunder may be subject to review under the terms of Article X hereof.

ARTICLE V - WAGES

A. WAGE RATES

All existing occupations covered by this Agreement have been classified in accordance with the Job Classification Manual dated September 12, 1968, as revised November 13,

1971, August 1, 1977, August 28, 1983, October 12, 1986, October 29, 1989, September 19, 1993, September 21, 1997, September 24, 2000, and September 25, 2005; and hourly wage rates to be paid to employees in occupations so classified, and to any new or changed occupations so classified, have been established and are set forth in the table marked Appendix A and attached to this Agreement.

The classified hourly wage rates set forth on said table for non-incentive work and computation of guarantees shall be used whenever an employee is to be paid on an hourly or day-rate basis, including the application of the minimum daily or weekly guarantee as provided in Section D of this Article. The classified hourly wage rates (without the hourly additive) set forth on said table for incentive work paid under Standard Hour Plans shall be used in the computation of incentive earnings under all Standard Hour Incentive Plans now in existence or hereafter established, and the hourly additive earnings shall then be added to the result of such computation. Earnings on all other Incentive Pay Plans shall continue to be computed on the same basis as prior to the date of this Agreement, except that (1) all incentive rates other than standard hour rates, or the method of calculating earnings under such rates, shall be adjusted by the adjustment rates for incentive work paid under plans other than Standard Hour Plans, as shown on Appendix A, in the same manner in which the fifty-cent (50¢) adjustment was made under the corresponding section of the 1971 Basic Labor Agreement and (2) employees working under such rates shall receive, in addition to the amount they would have received under the rates in effect prior to the 1971 Basic Labor Agreement, at least an amount per hour equal to such adjustment rate for the job

class of their respective occupations.

Such hourly wage rates, together with all *incentive rates now in existence, whether in the form of standard hour, piecework, tonnage, footage, or premium rates, which altogether constitute the wage structure applicable to existing occupations in effect on September 25, 2005,* shall remain in effect during the term of this Agreement, except as any of such rates may be changed, adjusted, or supplemented in the manner prescribed in this Article. As new rates are established as provided herein, copies thereof will be supplied to the Union.

For the purposes of this Section, the phrase "wage structure" shall be understood to cover hourly, incentive, piecework, tonnage, footage, and premium rates paid as remuneration for work performed and shall not include fringe benefits, such as but not limited to overtime pay, holiday pay, paid lunch periods, shift differential, premium pay for days worked as such, vacation pay, separation pay, reporting pay, and Sunday premium.

The Union agrees that all data connected with the Company's wage structure, as submitted to the Union, shall be maintained in confidence and will not be revealed in whole or in part to any person or organization without the express consent of the Company.

B. NEW AND CHANGED RATES

It is recognized that the hourly wage rate applicable to a particular occupation will depend upon the job classification of that occupation and that such hourly wage rate for an occupation will change correspondingly if there is a change in the job classification of the occupation in accordance with the provisions of Section H of this Article.

It is recognized that the Company at its discretion may also find it necessary or desirable from time to time to establish new incentive rates or to adjust existing incentive rates because of any of the following circumstances:

1. Changes, modifications, or improvements made in equipment, material, or product. If there is any such change, modification, or improvement in existing equipment or material or on an existing product, the Company may change the elements of the rate or rates affected by such change, modification, or improvement but will not change the elements not affected by such change, modification, or improvement.

2. New or changed standards of manufacture in:

- a. Processes
- b. Methods
- c. Quality

3. Changes in the duties of an occupation covered by incentive rates which affect the existing incentive standards.

4. The placing of occupations not presently covered by incentive rates on incentive rates. It is recognized that the Company will place employees working in a trade and craft occupation, as listed in Appendix B of this Article, who are not presently covered by incentive rates on incentive rates, but instead are being paid based on other trade and craft incentive rates pursuant to this Paragraph 4. If the Company does not establish incentive rates for any such uncovered trade and craft employee(s) by January 1, 2006, the Company shall pay such uncovered trade and craft employee(s), until such time as the Company establishes an incentive rate for such

uncovered employee(s), at an incentive percent performance equal to the average percent performance achieved during the last three (3) full pay periods completed prior to January 1, 2006, by all of the trade and craft employees covered by incentive rates who are working in the same plant as such uncovered trade and craft employee(s). For purposes of this Paragraph 4, plant is defined in the same manner as provided in Article VIII, Section B, Paragraph 6.

5. Introduction of new products and additions to the present line of products in any plant. If there is an addition to an existing series of products and any of the operations required for such addition are identical to the operations on one (1) or more existing part numbers in such series, the incentive rates for identical operations on an existing part number in such series will be applied to those operations on such new product, and new rates will be established only for operations on which differences in the product affect any element of the rate. If there are different rates for identical operations on different existing part numbers in the same series performed on the same equipment, the rate for that operation on the new product shall not be less than the average of such different rates. For the purpose of this Paragraph, the term "identical operation" means that the same equipment, material, tooling, method of operation, starting and finished dimensions, and tolerances are specified.

6. When in the opinion of the Company improved incentive opportunity can be provided by a new or changed incentive plan for all or a majority of the employees covered by an existing incentive plan.

If, as the result of a grievance being

processed under this Section B, it is determined that the Company did not have the right to establish a new or adjusted rate, the rate structure in effect prior to the new or adjusted rate shall be reinstated as of the effective date of the new or adjusted rate. The Company will calculate retroactive payment to the extent possible under the applicable rate structure.

C. PROCEDURE FOR ESTABLISHMENT OF NEW AND CHANGED RATES

Whenever any of the changes or events occur that are outlined in the preceding section of this Article and the Company shall deem it necessary or desirable to establish a new incentive rate, the Company shall develop and install such new rate in accordance with the Company's practice in effect on the date of this Agreement. A detailed written explanation of the reason for the new or changed rate will be provided to the Union.

Except as provided in Section B, Paragraphs 1 and 5, of this Article, new incentive rates shall provide an average employee qualified for the operation the opportunity to earn thirty percent (30%) above the standard when he is working at one hundred thirty percent (130%) incentive effort; provided that lower incentive opportunity may be provided for indirect or service operations where by reason of the operating conditions one hundred thirty percent (130%) incentive effort is not required.

When a new incentive method of pay is being installed or where occupations not presently covered by incentive rates are placed on incentive rates, the new incentive method of pay or new incentive rates being installed shall be explained to the employees who are affected by the new

incentive method of pay or new incentive rates either (1) by the production of product thereunder or (2) by being employed on the occupation to which the new incentive method or rates are applicable at the time of the installation of such new incentive method or rates and to the Union Steward, if available, in the department in which such employees are working.

The new rates shall be effective on the date on which work is performed or product is produced by any employee under the rate, unless the Company establishes a trial period of not to exceed six (6) months from the effective date of such new rate. Each employee affected by the new rate shall be notified when the trial period begins and is concluded. Each employee shall make an honest and diligent effort to perform the work covered by any new rate.

In the case of a new or changed incentive plan established pursuant to Paragraph 6 of Section B above, such plan may be placed on a trial period not to exceed three (3) months from the effective date of the plan, and at the end of the trial period, the Company will submit to all the employees then working on the occupation to which the new or changed plan is applicable, by secret ballot, the question of whether such new or changed plan shall continue in effect, or whether the old plan should be reinstated; and the question shall be decided by a majority vote. No grievance may be filed concerning either the Company's right to establish such new or changed plan under said Paragraph 6 or concerning the new or changed plans or the practices used by the Company in establishing such plans.

In the case of a new or changed incentive

rate established pursuant to Paragraphs 1 through 5 of Section B above, a grievance may be filed by any employee who is affected by such new rate either (1) by the production of product thereunder or (2) by being employed on the occupation to which the new rate is applicable within sixty (60) calendar days after such rate becomes effective or after the end of the trial period, when a trial period is established, which grievance shall be processed under the grievance procedure of this Agreement through arbitration, if necessary. Any change in rate resulting from the foregoing procedure shall be retroactive to the effective date of the new rate.

Whenever it is claimed by any employee that any of the changes or events have occurred that are outlined in Paragraphs 1, 2, and 3 of the preceding Section B of this Article V, any employee who is affected thereby, either (1) by the production of product or (2) by being employed on an occupation affected by such claimed changes or events outlined in said paragraphs, may request the establishment of a new rate by discussing such request with his supervisor. In the event that no agreement is reached in respect of the employee's request, a grievance may be filed by such employee within sixty (60) calendar days after such changes or events have occurred.

D. MINIMUM DAILY WAGE GUARANTEE

Subject to the provisions hereafter set forth, it is agreed that each employee shall be guaranteed and shall receive for each day's work an amount which shall be not less than the classified hourly rate for each occupation on which such employee worked on such day, as set forth in Appendix A, multiplied by the number of hours worked by such employee on each occupation;

1. Provided, however, that any employee who has an established individual hourly rate on any occupation shall be guaranteed and shall receive for all hours worked on such occupation an amount which shall not be less than said individual hourly rate multiplied by the number of hours worked by such employee on such occupation.

2. Provided, further, that the minimum guarantee of wages shall not apply on a daily basis in any of the following cases:

- a. When the applicable wage structure does not measure performance on a daily basis;
- b. When any other factor entering into the calculation of earnings is applied on other than a daily basis; or
- c. On days on which an employee is working under an incentive rate and the work of the employee or group of employees by which incentive earnings are computed is not completed within an eight (8)-hour turn.

In cases a. and b., the minimum guarantee shall apply on a weekly basis. In case c., the minimum guarantee shall apply by combining all days in a week on which the daily guarantee does not apply.

3. No employee or group of employees shall be entitled to payment on the basis of this minimum daily wage guarantee clause if the normal production of such employee or group of employees is prevented, hindered, or interfered with by the participation of such employee or employees or any other employees in any strike, any intentional slowdown in the rate of produc-

tion, any intentional interruption of production or suspension of work, any work stoppage, labor holiday, continuous meeting, or concerted mass sickness.

4. This minimum daily wage guarantee clause shall not be construed as any guarantee on the part of the Company of employment for any specific number of hours per day or per week.

E. SHIFT DIFFERENTIAL

1. For hours worked on the afternoon shift, there shall be paid a premium rate of thirty cents (30¢) per hour; for hours worked on the night shift, there shall be paid a premium of forty-five cents (45¢) per hour.

2. For the purpose of applying the afore-said shift differentials, it is agreed by and between the parties as follows:

a. Subject to the provisions of Paragraph 2.c. of Section E, it is agreed that for all hours worked by an employee during any work day on his regularly assigned shift he shall be paid the shift differential applicable to such shift.

b. Shifts shall be identified as follows:

(1) Night Shift: When the majority of hours on an employee's regularly assigned shift fall between 11:00 p.m. and 7:00 a.m., inclusive, he shall be considered as working on the night shift.

(2) Day Shift: When the majority of hours on an employee's regularly assigned shift shall fall between 7:00 a.m. and 3:00 p.m., inclusive, he shall be considered as working on the day shift.

(3) Afternoon Shift: When the major-

ity of hours on an employee's regularly assigned shift fall between 3:00 p.m. and 11:00 p.m., inclusive, he shall be considered as working on the *afternoon shift*.

c. It is agreed that any employee who is called in to perform work and does perform work in the shift preceding his regularly assigned shift, or who holds over beyond the termination of his regularly assigned shift and performs work on the succeeding shift, shall be paid the shift differential, if any, applicable to work performed on such preceding or succeeding shift, as the case may be.

F. SUNDAY PREMIUM

1. All hours worked by an employee on Sunday which are not paid for on an overtime basis shall be paid for on the basis of one and one half (1-1/2) times the employee's regular rate of pay as defined below in Paragraph 4.

2. For the purpose of this provision, Sunday work shall be deemed to be work performed during the shift the majority of the hours of which fall during the twenty-four (24) hours beginning with the turn-changing hour nearest to 12:01 a.m., Sunday.

3. Sunday premium based on an employee's regular rate of pay shall be paid for reporting hour allowances.

4. For purposes of computing Sunday premium, regular rate of pay shall be understood to mean an employee's average straight-time hourly earnings exclusive of any fringe benefits as specified in Section A of Article V.

G. COST-OF-LIVING ADJUSTMENT

Effective September 25, 2005, twenty cents (20¢) of the cost-of-living adjustment effective August 7, 2005, shall be added to and incorporated in the rates for non-incentive work and the hourly additives for incentive work and has been included in Appendix A. Thereafter, the cost-of-living adjustment effective August 7, 2005, shall be considered to be the amount calculated for the August 7, 2005, adjustment minus twenty cents (20¢).

1. The cost-of-living adjustment under this Section shall be made on the basis of the "Consumer Price Index for Urban Wage Earners and Clerical Workers, CPI-W (Revised Series), All Items (1967 = 100)", published by the Bureau of Labor Statistics, U. S. Department of Labor, hereinafter called the "Index".

2. During the term of this Agreement, the adjustment dates for any cost-of-living adjustment under this Section shall be November 6, 2005, February 5, 2006, May 7, 2006, August 6, 2006, November 5, 2006, February 4, 2007, May 6, 2007, August 5, 2007, November 4, 2007, February 3, 2008, May 4, 2008, August 3, 2008, November 2, 2008, February 1, 2009, May 3, 2009, and August 2, 2009.

3. The Base Index shall be determined as follows:

a. For the November 6, 2005, February 5, 2006, May 7, 2006, and August 6, 2006, adjustment dates, the Base Index refers to the Consumer Price Index for the month of June 2005, published by the Bureau of Labor Statistics multiplied by 103%.

b. For the November 5, 2006, February

4, 2007, May 6, 2007, and August 5, 2007, adjustment dates, the Base Index refers to the Consumer Price Index for the month of June 2006, multiplied by 103%.

c. For the November 4, 2007, February 3, 2008, May 4, 2008, and August 3, 2008, adjustment dates, the Base Index refers to the Consumer Price Index for the month of June 2007, multiplied by 103%.

d. For the November 2, 2008, February 1, 2009, May 3, 2009, and August 2, 2009, adjustment dates, the Base Index refers to the Consumer Price Index for the month of June 2008, multiplied by 103%.

4. The cost-of-living adjustment to be determined as of any adjustment date shall be based on the Index for the second calendar month next preceding the month in which the adjustment date falls, herein called the current Index.

5. a. A cost-of-living adjustment shall be in an amount equal to one cent (1¢) per hour for each full three-tenths (0.3) of a point by which the current Index is higher than the Base Index, provided, however, that in no event shall any part of the current Index which exceeds the Base Index (without the applicable multiplier) multiplied by 106% be used for making any adjustment for any adjustment date.

b. The applicable cost-of-living adjustment shall apply to all hours actually worked, overtime allowance hours, and for any credited reporting allowance hours under Article VI, Section F, of this Agreement incurred after each adjustment date and before the next adjustment date.

c. In calculating the adjustments for November 6, 2005, February 5, 2006, May 7, 2006, and August 6, 2006, there shall be added to the amount calculated in Paragraph 5.a. above an amount equal to the cost-of-living adjustment, if any, which was determined on August 7, 2005.

d. In calculating the adjustments for November 5, 2006, February 4, 2007, May 6, 2007, and August 5, 2007, there shall be added to the amount calculated in Paragraph 5.a. above an amount equal to the cost-of-living adjustment, if any, which was determined as of August 7, 2005 and August 6, 2006.

e. In calculating the adjustments for November 4, 2007, February 3, 2008, May 4, 2008, and August 3, 2008, there shall be added to the amount calculated in Paragraph 5.a. above an amount equal to the cost-of-living adjustment, if any, which was determined as of August 7, 2005, August 6, 2006, and August 5, 2007.

f. In calculating the adjustments for November 2, 2008, February 1, 2009, May 3, 2009, and August 2, 2009, there shall be added to the amount calculated in Paragraph 5.a. above an amount equal to the cost-of-living adjustment, if any, which was determined as of August 7, 2005, August 6, 2006, August 5, 2007, and August 3, 2008.

6. The cost-of-living adjustment, if any, shall be a special additive after the calculation of earnings in accordance with the method and rate otherwise applicable to each employee and shall be made only in calculating pay for hours actually worked and for the reporting allowance under Article VI, Section F, of this Agreement and in the calculation of overtime premiums, but shall not be considered a part of the employee's pay for any

other purpose and shall not be used in the calculation of any other pay, allowance, or benefit, except as expressly provided in this or any other Agreement providing for such benefits.

7. If the Index, in its present form and calculated on the same basis, shall be revised therefrom or discontinued, the parties shall attempt to adjust this clause, or if agreement is not reached, the parties shall request the Bureau of Labor Statistics to provide an appropriate conversion or adjustment which shall be applicable as of the appropriate adjustment date and thereafter.

8. If the current Index is not available by the start of any week for which a change in the cost-of-living adjustment would otherwise be made, such change shall be made effective with the first week beginning after such current Index becomes available.

H. JOB DESCRIPTION AND CLASSIFICATION

1. The Job Description and Job Classification Program in effect on the effective date of this Agreement, including the Job Classification Manual dated September 12, 1968, as revised November 13, 1971, August 1, 1977, August 28, 1983, October 12, 1986, October 29, 1989, September 19, 1993, September 21, 1997, September 24, 2000, and September 25, 2005, shall remain in effect during this Agreement. No employee may file a grievance to claim that any job description or job classification is incorrect or that a different rate of pay should have been established for any occupation that is not changed during the term of this Agreement.

2. The Company, at its discretion, from time to time may establish new occupations or

change the job requirements of an existing occupation with respect to any or all of the job classification factors. The Manual shall be used to determine whether the classification of any occupation should be changed because of changes which may be prescribed by the Company during the term of this Agreement in the job requirements of any occupation, to establish the proper classification of any occupation so changed, and to establish the proper classification of any new production or maintenance occupations which may be established by the Company during the term of this Agreement.

3. If a new or changed job description and job classification for a new or changed occupation has been prepared, as provided in the Manual, a copy of the new or changed job description and classification will be furnished promptly to the Union and will be posted in the department where the occupation is or is to be performed. However, before such posting, the proposed change will be discussed with the Chairman of the Job Evaluation Committee for the plant where the occupation is performed. Should the Chairman of the Job Evaluation Committee for the plant where the occupation is performed believe further discussion to be necessary, such chairman may file a written request with the Company for a meeting to be held within five (5) calendar days after receipt of such request. Any such meeting must be held within forty-five (45) calendar days from the date of such posting, or if no employee is permanently classified on and performing the primary function of such occupation on the date of such posting, then within forty-five (45) calendar days from the date the first employee is permanently classified on and performing the primary function of the occupation. Any employee then

working in such occupation, with the approval of the Union, may, at any time within ninety (90) calendar days from the date of such posting, file a grievance alleging that the job is improperly described and/or classified under the Manual and stating in particular in what respect the job description is claimed to be incorrect and/or the factors which are alleged to be improperly classified and the classification which the employee contends should be assigned for such factors. If no employee is permanently classified on and performing the primary function of such occupation on the date of such posting, then the grievance may be filed within ninety (90) calendar days from the date the first employee is permanently classified on and performing the primary function of the occupation. When a new or changed job description and job classification has been prepared in accordance with this Paragraph 3, the Company will provide written notice to the Union of the date when the first employee is permanently classified on and performing the primary function of the occupation. Such grievance shall be processed commencing in Step 3 of the grievance procedure prescribed by Article IX of this Agreement and may be appealed to arbitration in accordance with the further provisions of said Article IX.

If a grievance concerning a job description or job classification is appealed to arbitration, the issue before the arbitrator shall be limited to the portions of the job description or the factors in the job classification specified in the grievance. The Company has the sole right to determine what duties shall be included in each occupation. In case of a grievance concerning a job description, the arbitrator's sole function shall be to determine whether the job description correctly

describes the job in accordance with the principles set forth in Section III of the Manual and, if necessary, to order that the Company prepare a new and correct job description in accordance with such principles. In case of a grievance concerning a job classification, the arbitrator shall determine whether the job has been placed at the proper level or degree in each of the job classification factors alleged in the grievance to be improper and, if not, to determine the correct level or degree at which the job should be placed as to such factors in accordance with the Manual and to order that the job be reclassified, if necessary, in accordance with the Manual. If the arbitrator orders a correction of such job description or of such job classification to comply with the Manual, his decision shall be effective as of the date when the new occupation was established or the change or changes in the occupation were made, and corresponding adjustments in pay shall be made for all employees who have worked on the occupation since that date.

If no grievance is filed within the time provided following the posting of such new or changed job description and/or classification, or if such a grievance is not appealed to arbitration within the time provided, the job description and job classification as prepared by the Company shall be deemed to be correct.

4. If the Company prescribes changes in any occupation which, in the opinion of the Company, do not require a change in the job classification under the Manual, it will post in the department wherein such occupation is performed a copy of the memorandum which has been prepared concerning such changes and also send to the Union a copy of the memorandum. The failure of any

employee then employed on the occupation to file a grievance in accordance with Paragraph 5 of this Section, upon the making of the changes described in such memorandum, shall not constitute the acceptance of the Company's evaluation of the extent of the change, and at any later time when further changes are made in the occupation, the effect of any such prior changes which have not theretofore been the subject of a request for review or grievance may be brought into question. If the cumulative effect of such changes in the occupation is such as to require a change in the job classification under the Manual, and the Company fails to do so, a grievance may be filed in accordance with Paragraph 5 of this Section following the latest change which the employee believes has resulted, cumulatively, in a change of the occupation to the extent that a change in the job classification is required under the Manual.

5. If the Company does not prepare a changed job description and job classification for an occupation which has been changed, and any employee then classified in the occupation believes that a changed job description and job classification are required under the Manual, any such employee, with the approval of the Union, may, at any time within ninety (90) calendar days from the date when such changes in the occupation are alleged to have occurred, file a grievance requesting that a changed job description and/or job classification be established in accordance with the Manual. Such grievance shall be processed as prescribed in Paragraph 3 of this Section. Any changed job classification resulting from such procedure shall be effective as of the date when the change in the occupation occurred, and corresponding adjustments in pay

shall be made for all employees who have worked on the occupation since that date.

6. For trade and craft jobs as defined in the Manual, different job classes are prescribed for each job or training grade and are set forth on the tables marked Appendix B and attached to this Agreement. Training schedules may also be established for non-trade and craft jobs in accordance with the Manual. Employees shall be assigned to the lower grades and shall thereafter advance to the higher grades in accordance with the Manual. The advancement of the employee to the higher grade shall be effective at the start of the next pay period after the employee has qualified for advancement.

7. The term "Trainee", in this Paragraph 7 and in the following numbered Paragraphs 8 through 12, applies to non-trade and craft jobs only. If a Trainee is not advanced at the end of any training period of five hundred twenty (520) hours, the Company will explain to the Trainee the reasons why such advancement was withheld and will offer further assistance in training to qualify for the next higher grade. If such Trainee believes that he is qualified, he may file a grievance claiming that he is qualified for such advancement. Such grievance may be filed at any time after the end of a training period of five hundred twenty (520) hours. If the grievance is granted, the advancement shall be effective as of the date of filing the grievance. If the grievance is not granted, then no other grievance so alleging may be filed until the end of the next five hundred twenty (520)-hour training period. No employee shall have more than one (1) such grievance pending at one time.

8. A Trainee working at a job where an indi-

vidual-type incentive applies may request that he be placed on a full incentive basis and will be so placed when, in the judgment of his supervisor, he is capable of performing the work in a satisfactory manner at an incentive pace. When so placed, his earnings will be calculated on his production according to the incentive plan and the hourly rate of the full job class of the job will apply as the minimum guaranteed rate. If the Trainee fails to earn more than the minimum guarantee over any reasonable test period (whether immediately following his placement on an incentive basis of pay or at any time thereafter), he shall then be returned to a non-incentive basis of pay for the training grade to which he is entitled by his total training hours and demonstrated ability. When a Trainee has been so returned to a non-incentive basis of pay, the Company shall thereafter decide at what time the Trainee may be again placed on a full incentive basis. If the Trainee is so placed and again should fail to earn more than the minimum guarantee, then he shall be returned again to the non-incentive basis of pay for the training grade to which he is entitled.

9. When a Trainee who has been placed on an individual incentive basis of pay performs any non-incentive work, he will be paid for any hours so worked at the hourly rate of the full job class of the job, unless and until he is taken off the incentive basis of pay in accordance with Paragraph 8 above.

10. A Trainee working at a job where the employees in the full job class are participants in a group-type incentive plan shall be considered as an extra employee not charged to the incentive group nor participating in the incentive earnings and shall be paid at the applicable Trainee hourly rate.

11. When it is determined by his supervisor that he can make a reasonable contribution to the performance of the group, he shall thereafter participate fully in the group incentive plan and the minimum guarantee of the full job class shall apply; and when such incentive group, including the Trainee, works at hourly (non-incentive) rate, the Trainee shall be paid at the rate of the full job.

12. If the Trainee leaves the incentive group, either because he is not needed to fill the crew or because he fails to make a reasonable contribution to the group performance, he shall be returned to the training grade to which he is entitled.

13. Occupations may be terminated by the Company at any time when no hours of work have been performed on that occupation for a year prior to the termination of that occupation. Notice of the termination of an occupation shall be given promptly to the Union.

I. RATES DURING TEMPORARY WORK ASSIGNMENTS

The Company at its option may assign an employee on a temporary basis for a period of not longer than thirty (30) working days to perform an occupation other than that in which he is permanently classified. Provided, however, that an employee assigned on a temporary basis to fill a specific temporary vacancy within an occupation other than that in which he is permanently classified may notify his supervisor during said assignment that he does not want to be assigned to that specific temporary vacancy for a period longer than thirty (30) working days and if he so notifies his supervisor during said assignment, he shall not be temporarily assigned again to that specific temporary vacancy during the thirty (30)-day peri-

od immediately following the day upon which the Company terminates his assignment to that specific temporary vacancy. The employee right specified in the foregoing sentence shall not apply and is not available to an employee assigned on a temporary basis to any temporary vacancy created by an emergency, vacation, injury, illness, leave of absence, postponement of transfer, or any other unique and special operating condition. In such cases, during the period of a temporary assignment to an occupation to which a standard hour incentive rate is applicable, the employee will be paid his percent performance applied to the higher of either the Standard Hourly Wage Scale (Incentive Calculation Rate) of the occupation to which the employee is temporarily assigned or the Standard Hourly Wage Scale (Incentive Calculation Rate) for the job class of the occupation to which the employee is permanently assigned; provided, however, that if the amount so calculated is less than an amount equal to the hours on the temporary assignment paid at an hourly rate determined in accordance with Section M plus the cost-of-living adjustment then in effect, the employee will be paid for the total hours worked on the temporary assignment during each week at such higher amount.

In such cases, during the period of a temporary assignment on a non-incentive occupation or on an occupation to which a non-standard hour incentive rate is applicable, the employee will be paid for the total hours worked on the temporary assignment during each week at the higher of, either an amount equal to the hours on the temporary assignment paid at an hourly rate determined in accordance with Section M plus the cost-of-living adjustment then in effect, or an amount computed on the basis of the pay rates

then applicable to the temporary assignment.

J. BREAKING IN EQUIPMENT

When the Company installs new production equipment or alters equipment during a major reconstruction or rebuild for which a period of adjustments is expected to be required before such equipment will operate regularly at a normal level of production, the Company at its option may establish a break-in period of not longer than six (6) months, during which the Company may assign to such equipment employees in any occupation it deems qualified to perform the duties to be assigned to them, without declaring a permanent vacancy in any occupation on such equipment. If the Company determines that such equipment is not operating satisfactorily at the conclusion of such break-in period, it may extend the break-in period for an additional period of not longer than six (6) months. Any employee so assigned shall be paid, for all hours when he is assigned to such work, at an hourly rate determined in accordance with Section M plus the cost-of-living adjustment then in effect.

At the expiration of the break-in period, during a further period of not longer than six (6) months, the employees so assigned will be phased out of such duties, and permanent vacancies will be declared according to a schedule determined by the Company for all occupations which the Company decides to establish for the operation of such equipment, and the employees filling such vacancies will be trained.

When his services are no longer required on such assignment, any employee so assigned during such break-in period shall be returned to a work assignment in the occupation from which he was so assigned, or retrogressed or otherwise

assigned, in the same manner as if he had been on vacation during the period of such assignment, unless he is awarded the permanent vacancy in any occupation on such equipment.

K. FUNERAL LEAVE AND PAY

An employee, other than a probationary employee, shall be granted a leave of absence with pay for a period of up to a maximum of five (5) consecutive days, including the day on which the funeral is held, in the event of the death of the employee's spouse or child (including step-child when the step-child has lived with the employee in an immediate family relationship). An employee, other than a probationary employee, shall be granted a leave of absence with pay for a period of up to a maximum of three (3) consecutive days, including the day on which the funeral is held, in the event of the death of the employee's parent, mother-in-law, father-in-law, brother, sister, grandparent, or grandchild (including step-father, step-mother, step-brother, or step-sister when they have lived with the employee in an immediate family relationship). An employee regularly scheduled on the night shift may at his option elect leave of absence on the night shift of the day of the funeral leave or the night shift following, but not both. In any event, the leave of absence shall not exceed three (3) consecutive-night shifts or five (5) consecutive-night shifts, whichever is applicable. Payment for each such day shall be eight (8) times the hourly rate determined in accordance with Section M. An employee will not receive pay unless:

1. The employee has attended the funeral service during the period of absence;
2. The employee would otherwise have been regularly scheduled and able to

work such day(s) during the normal work week;

3. Upon return from such leave, the employee shall apply for such benefit and provide proof as required by the Company.

L. JURY AND WITNESS PAY

An employee who is called for jury service or as a result of being subpoenaed as a witness in a court of law shall be excused from work for the days on which he serves, and he shall receive for each such day of jury or witness service on which he otherwise would have worked eight (8) times the hourly rate determined in accordance with Section M without any deduction for the payment he receives for jury or witness service. The employee will present proof of such service.

M. HOURLY RATE FOR SPECIAL PURPOSES

The hourly rate for the purposes of Sections I, J, K, and L of this Article shall be the employee's average straight-time hourly earnings (excluding shift differential and cost-of-living adjustment) during the last three (3) full pay periods completed prior to the event specified in the applicable section. Such average shall be adjusted by any general wage increase or decrease which has become effective subsequent to any of the pay periods used in computing such average.

N. NEW HIRE RATES

Notwithstanding any provision in this or any other Agreement, any employee hired after September 25, 2005, excluding any employee hired into or already working in an apprenticeship, shall be paid a new hire rate as specified below.

The new hire rate shall be applicable for one

(1) year from the date of hire and shall be eighty percent (80%) of all wages to which he would otherwise be entitled under Article V of the 2005 Basic Labor Agreement.

At the conclusion of the year the employee shall be paid all wages to which he is entitled under Article V of the 2005 Basic Labor Agreement.

WAGES - APPENDIX A

RATES FOR NON-INCENTIVE WORK AND COMPUTATIONS OF GUARANTEES					RATES FOR INCENTIVE WORK PAID UNDER STANDARD HOUR PLANS								ADJUSTMENT RATES FOR INCENTIVE WORK PAID UNDER OTHER THAN STANDARD HOUR PLANS			
					STANDARD HOURLY WAGE SCALE (INCENTIVE CALCULATION)				HOURLY ADDITIVE							
					Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008	Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008				
CLASS	Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008	Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008	Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008	Effective 9/25/2005	Effective 9/24/2006	Effective 9/23/2007	Effective 9/21/2008
1	17.587	18.115	18.658	19.218	5.550	5.650	5.650	5.750	12.037	12.465	13.008	13.468	3.520	3.620	3.620	3.720
2	17.587	18.115	18.658	19.218	5.550	5.650	5.650	5.750	12.037	12.465	13.008	13.468	3.520	3.620	3.620	3.720
3	17.775	18.308	18.857	19.423	5.702	5.802	5.802	5.902	12.073	12.506	13.055	13.521	3.587	3.687	3.687	3.787
4	17.982	18.501	19.056	19.628	5.854	5.954	5.954	6.054	12.108	12.547	13.102	13.574	3.654	3.754	3.754	3.854
5	18.150	18.695	19.256	19.834	6.006	6.106	6.106	6.206	12.144	12.589	13.150	13.628	3.721	3.821	3.821	3.921
6	18.337	18.887	19.454	20.038	6.158	6.258	6.258	6.358	12.179	12.629	13.196	13.680	3.788	3.888	3.888	3.988
7	18.525	19.081	19.653	20.243	6.310	6.410	6.410	6.510	12.215	12.671	13.243	13.733	3.855	3.955	3.955	4.055
8	18.712	19.273	19.851	20.447	6.462	6.562	6.562	6.662	12.250	12.711	13.289	13.785	3.922	4.022	4.022	4.122
9	18.899	19.466	20.050	20.652	6.614	6.714	6.714	6.814	12.285	12.752	13.336	13.838	3.989	4.089	4.089	4.189
10	19.087	19.660	20.250	20.856	6.766	6.866	6.866	6.966	12.321	12.794	13.384	13.892	4.056	4.156	4.156	4.256
11	19.274	19.852	20.448	21.061	6.918	7.018	7.018	7.118	12.356	12.834	13.430	13.943	4.123	4.223	4.223	4.323
12	19.462	20.046	20.647	21.266	7.070	7.170	7.170	7.270	12.392	12.876	13.477	13.996	4.190	4.290	4.290	4.390
13	19.649	20.238	20.845	21.470	7.222	7.322	7.322	7.422	12.427	12.916	13.523	14.048	4.257	4.357	4.357	4.457
14	19.837	20.432	21.045	21.676	7.374	7.474	7.474	7.574	12.463	12.958	13.571	14.102	4.324	4.424	4.424	4.524
15	20.024	20.625	21.244	21.881	7.526	7.626	7.626	7.726	12.498	12.999	13.618	14.155	4.391	4.491	4.491	4.591
16	20.212	20.818	21.443	22.086	7.678	7.778	7.778	7.878	12.534	13.040	13.655	14.208	4.458	4.558	4.558	4.658
17	20.399	21.011	21.641	22.290	7.830	7.930	7.930	8.030	12.569	13.081	13.711	14.260	4.525	4.625	4.625	4.725
18	20.587	21.205	21.841	22.496	7.982	8.082	8.082	8.182	12.605	13.123	13.759	14.314	4.592	4.692	4.692	4.792
19	20.774	21.397	22.039	22.700	8.134	8.234	8.234	8.334	12.640	13.163	13.805	14.366	4.659	4.759	4.759	4.859
20	20.962	21.591	22.239	22.906	8.286	8.386	8.386	8.486	12.676	13.205	13.853	14.420	4.726	4.826	4.826	4.926
21	21.149	21.783	22.436	23.109	8.438	8.538	8.538	8.638	12.711	13.245	13.898	14.471	4.793	4.893	4.893	4.993
22	21.336	21.976	22.635	23.314	8.590	8.690	8.690	8.790	12.746	13.286	13.945	14.524	4.860	4.960	4.960	5.060
23	21.524	22.170	22.835	23.520	8.742	8.842	8.842	8.942	12.782	13.328	13.993	14.578	4.927	5.027	5.027	5.127
24	21.711	22.362	23.033	23.724	8.894	8.994	8.994	9.094	12.817	13.368	14.039	14.630	4.984	5.084	5.084	5.184
25	21.899	22.556	23.233	23.930	9.046	9.146	9.146	9.246	12.853	13.410	14.087	14.684	5.061	5.161	5.161	5.261

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APPENDIX B
TRADE AND CRAFT JOBS
HARRISON STEEL PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

B-56

DEPT.	JOB TITLE		APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
			1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
181	Machinist	A	6	7	8	9	10	11	12	13	14	16	18
181	Maintainer/Welder - Certified	A	6	7	8	9	10	11	12	13	14	16	18
181	Mechanical/Heavy Equipment Maintainer	A	6	7	8	9	10	11	12	13	14	16	18
182	Water Plant Operator		-	-	-	-	-	-	-	-	-	-	19
182	Mechanical Maintainer	A	6	7	8	9	10	11	12	13	14	16	18
183	Electrical Maintainer	A	6	7	8	9	10	11	12	13	15	17	19
186	Tool Repairer		4	5	6	-	-	-	-	-	8	10	12

TRADE AND CRAFT JOBS
FAIRCREST STEEL PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

B-57

DEPT.	JOB TITLE	APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
		1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
205	Engineer-Steam (Licensed)	-	-	-	-	-	-	-	-	-	-	14
282	Mechanical Maintainer	A 6	7	8	9	10	11	12	13	14	16	18
283	Electrical Maintainer	A 6	7	8	9	10	11	12	13	15	17	19

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TRADE AND CRAFT JOBS
GAMBRINUS STEEL PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

DEPT.	JOB TITLE		APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
			1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
B-58	182 Mechanical Maintainer - Gambrinus Steel Plant	A	6	7	8	9	10	11	12	13	14	16	18
	183 Equipment Maintainer - Gambrinus Steel Plant	A	6	7	8	9	10	11	12	13	15	17	19
	189 Equipment Maintainer	A	5	6	7	8	9	10	11	12	13	15	17
	754 Die Shop Controller	-	-	-	-	-	-	-	-	-	-	-	18
	754 Die Maker		5	6	7	8	9	10	-	-	12	14	16

TRADE AND CRAFT JOBS
WOOSTER STEEL PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

B-59

DEPT.	JOB TITLE	APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
		1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
354	Mobile Equipment Mechanic	5	6	8	10	-	-	-	-	12	14	16
356	Mechanical Maintainer	A 6	7	8	9	10	11	12	13	14	16	18
356	Carpenter	5	6	7	8	9	10	-	-	11	13	15
357	Electrical Maintainer	A 6	7	8	9	10	11	12	13	15	17	19
361	Machinist	A 6	7	8	9	10	11	12	13	14	16	18

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TRADE AND CRAFT JOBS**CANTON BEARING PLANT****(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)**

DEPT.	JOB TITLE	APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
		1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
B-60	08-1A Repairer-Pyrometer	4	5	6	8	-	-	-	-	10	12	14
	13-A Tool and Gauge Inspector	A 4	5	6	7	8	9	10	11	12	14	16
	13-A-21 Tool and Gauge Inspector	A 4	5	6	7	8	9	10	11	12	14	16
	13-A-21 Repairer-Gauge & Instruments	4	5	6	7	-	-	-	-	8	10	12
	21-A Mechanic Leader	-	-	-	-	-	-	-	-	-	-	18
	21-A Mechanic	A 5	6	7	8	9	10	-	-	12	14	16
	63-A Machinist - Cages	A 6	7	8	9	10	11	12	13	14	16	18
	63A Machinist - Cages/Finisher	A 6	7	8	9	10	11	12	13	14	16	18
	68-A-3 Tool Hardener	4	5	6	7	-	-	-	-	9	11	13
	68-A-21 Machinist	A 6	7	8	9	10	11	12	13	14	16	18
	68-A-21 Machinist/Finisher	A 6	7	8	9	10	11	12	13	14	16	18
	68-A-21 Tool Grinder	A 6	7	8	9	10	11	12	13	14	16	18

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91-3-A	Leader (Shift)		-	-	-	-	-	-	-	-	-	-	-	-	-	22
91-3-A	Electrical/Electronic Maintainer	A	6	7	8	9	10	11	12	13		16	18	20		
91-4-A	Leader		-	-	-	-	-	-	-	-	-	-	-	-	-	19
91-4-A	Sheetmetal Worker	A	5	6	7	8	9	10	11	12		13	15	17		
91-4-B	Welder	A	5	6	7	8	9	10	-	-		12	14	16		
91-5-A	Leader		-	-	-	-	-	-	-	-	-	-	-	-	-	17
91-5-A	Carpenter	A	5	6	7	8	9	10	-	-		11	13	15		
91-6-A	Leader		-	-	-	-	-	-	-	-	-	-	-	-	-	14
91-6-A	Painter		4	6	-	-	-	-	-	-	-	8	10	12		
91-6-A	Sign Painter		4	6	8	-	-	-	-	-	-	10	12	14		
91-8-A	Refrigeration Mechanic	A	5	6	7	8	9	10	-	-		12	14	16		
91-9-A-1	Mechanical Maintainer	A	6	7	8	9	10	11	12	13		14	16	18		
99-A	Leader (Shift)		-	-	-	-	-	-	-	-	-	-	-	-	-	19
99-A	Engineer/Maintainer-Steam (Licensed)	A	-	-	5	6	7	8	9	10		13	15	17		

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TRADE AND CRAFT JOBS
GAMBRINUS BEARING PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

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DEPT.	JOB TITLE		APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
			1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
13-G	Tool and Gauge Inspector	A	4	5	6	7	8	9	10	11	12	14	16
91-3-G	Electrical/Electronic Engineer	A	6	7	8	9	10	11	12	13	16	18	20
91-9-G-1	Machine Repair Mechanic	A	6	7	8	9	10	11	12	13	14	16	18

TRADE AND CRAFT JOBS
GAMBRINUS ROLLER PLANT

(TABLE OF JOB CLASSES FOR TRAINING PERIODS AND JOB GRADES)

B-63

DEPT.	JOB TITLE		APPRENTICE OR TRAINEE JOB GRADE - 1040 HOURS EACH								JOB GRADES		
			1st	2nd	3rd	4th	5th	6th	7th	8th	C	B	A
13-R	Tool and Gauge Inspector	A	4	5	6	7	8	9	10	11	12	14	16
68-R	Machinist	A	6	7	8	9	10	11	12	13	14	16	18
68-R-1	Machinist/Finisher	A	6	7	8	9	10	11	12	13	14	16	18
74-R	Finish Process Operator/ Maintainer	A	5	6	7	8	9	10	11	12	13	15	17
91-3-R	Electrical/Electronic Maintainer	A	6	7	8	9	10	11	12	13	16	18	20
91-9-R-1	Mechanical Maintainer	A	6	7	8	9	10	11	12	13	14		

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APPENDIX D

ADDITIONAL POOL OCCUPATION

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<u>Plant</u>	<u>Department</u>	<u>Occupation</u>	<u>Job Code</u>
Harrison and	136	Labor	01-1360-20
Gambrinus Steel	184	Brickmason Helper	01-1840-01
	189	Labor	01-1890-19
	753	Labor	06-7531-20
Canton and	52	Operator- Vapor Blast	05-5201-05
Gambrinus Bearing	64	Material Handler	16-6401-06
and	67	Cage Polisher (Ring)	05-6701-05
Gambrinus Roller	69	Material Handler	15-6901-07
	75	Product Handler	05-7501-28
	86	Chip Hauler	15-8601-03

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APPENDIX E				
<u>Department</u>	<u>Occupation</u>	<u>Work Assignments</u>		
		<u>1</u>	<u>2</u>	
13	Tool & Gauge Inspection/A + I	Tool & Gauge Inspector	Inspection/Assembly	
62	Head Operator/Heat Treat Attendant	Head Operator	Heat Treat Attendant	
62	Operator - Automatic Lathes (Tape-Controlled)/Heat Treat Attendant	Operator	Heat Treat Attendant	
62	Operator - Green/Heat Treat Attendant	Operator	Heat Treat Attendant	
62	Operator - 8"-18" Green Cell/Heat Treat Attendant	Operator	Heat Treat Attendant	
63	Machinist - Cages/Finisher	Machinist	Finisher	
63	Die Setter/Operator	Die Setter	Heat Treat Attendant	
63	Process Attendant	Attendant	Heat Treat Attendant	
63	Operator - Cages	Operator	Heat Treat Attendant	
68	Machinist Finisher	Machinist	Finisher	
91-4	Leader/Heat Treat Attendant	Leader	Heat Treat Attendant	
91-4	Sheetmetal Worker/Heat Treat Attendant	Sheetmetal Worker	Heat Treat Attendant	
91-4	Welder/Heat Treat Attendant	Welder	Heat Treat Attendant	
91-5	Leader/Heat Treat Attendant	Leader	Heat Treat Attendant	
91-5	Carpenter/Heat Treat Attendant	Carpenter	Heat Treat Attendant	

**ARTICLE VI -
HOURS OF WORK AND HOLIDAYS**

A. Sections B and C of this Article are intended to provide a basis for calculating overtime pay and shall not be construed as a guarantee of hours of work per day or per week.

B. Hours worked in excess of eight (8) hours per day or in excess of a total of forty (40) hours in a work week shall be paid for at one and one half (1-1/2) times the normal rate of pay. Overtime payment shall be made on the basis of either daily or weekly overtime hours worked, but an employee shall not be paid both daily and weekly overtime for the same overtime hours worked.

C. The Company agrees to use a normal work schedule as far as possible of five (5) consecutive eight (8)-hour days, Mondays through Fridays, for a total of forty (40) hours per week. It is understood that this provision shall not apply to plants, departments, or employees who are engaged in continuous operations or who are required to work different schedules because of production or operation requirements.

Should the Company find it necessary to establish schedules departing from the normal work week, the Grievance Committee of the plant if an entire plant is involved or a Steward of any affected department if less than an entire plant is involved and representatives of management of the plant, may, at the request of either party, confer to determine whether, based upon the facts of the situation, satisfactorily modified schedules can be arranged, but the right to arrange working schedules rests with the Company; provided, however, that such right of the Company shall not preclude further negotiations between the Local

Union President, the Local Plant Grievance Committee, and the Company in an attempt to arrive at more satisfactorily modified schedules upon written request for such meeting addressed to the Superintendent of Industrial Relations in the plant affected.

Determination of the starting time of the daily and weekly work schedules shall be made by the Company and such schedules may be changed by the Company from time to time; provided, however, that indiscriminate changes shall not be made in such schedules and provided, further, that changes deemed necessary by the Company shall be made known to the affected representatives of the Union in the plant as far in advance of such changes as is possible.

D. In any department or a portion of a department scheduled on a two (2) or one (1) shift per day basis, management may, at its discretion, establish a work schedule calling for eight (8) hours of work per day interrupted by a one-half (1/2) hour lunch period.

E. Notwithstanding any other provision of this Agreement, the Company may, at its discretion, establish a work schedule calling for seven and one half (7-1/2) hours of work per day and a one-half (1/2) hour lunch period.

F. Employees who are regularly scheduled or who are notified to report and who do report for work at the scheduled starting time shall be paid for four (4) hours' work in the event they are advised by their supervisor that there is no work available, and employees who are scheduled and report and actually begin work at the start of a turn shall be paid for a minimum of four (4) hours' work.

In all cases of emergency where employees are called in after completing a normal day's work or when called in on their regularly scheduled days off, such employees shall receive a minimum of four (4) hours' pay for such call-in, regardless of length of time worked.

All such payments shall be at the occupational rate of the occupation at which they were scheduled or for which they were notified to report. In the event the occupation for which the employees have reported for work or at which they have worked is regularly paid on an incentive basis, the regular pay shall be based on average hourly earnings for the turn or pay period or the guaranteed occupation rate, whichever is the greater. In the event any employee accepts other work, he shall be paid for the time worked at the prevailing rate or rates paid for the work performed. In the event strikes, work stoppages in connection with labor disputes, breakdowns of any items of equipment, Acts of God, governmental requirements, or other circumstances beyond the control of the Company shall interfere with work being provided, the provisions of Section F do not apply.

G. Active employees will receive pay for holidays in accordance with the following provisions:

1. The following days, or days observed in lieu thereof, shall be considered holidays: New Year's Day, Good Friday, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, the day after Thanksgiving Day, December 24, and Christmas Day. When a holiday falls on any day of the week but Sunday, the holiday shall be observed on such day only. When a holiday falls on Sunday, the holiday will be observed on the following Monday and Monday only will be the day

for which holiday pay will be paid, except that in the event that December 24 falls on Sunday, it will be observed on Sunday. There will be four (4) additional holidays during the term of this Agreement. The holidays shall be December 27, 2005, December 26, 2006, December 26, 2007, and December 26, 2008.

2. Employees will be paid holiday pay of eight (8) hours, computed as hereinafter stated for each of said holidays, except as follows:

a. An employee who has been scheduled or notified that he is required to work on a holiday and then does not work, will receive no pay for that day.

b. An employee who is absent from work for any reason other than vacation, paid jury service, paid witness service, paid funeral leave, or paid military leave on a regularly scheduled work day immediately preceding or following a holiday, will not receive holiday pay unless he was scheduled to work on a holiday and did work on such holiday. It is agreed that a voluntary extra day on which an employee agreed to work shall not be regarded as a scheduled work day. Any employee who is absent from work the day before or the day after a holiday with the prior knowledge and approval of his supervisor because of an industrial injury sustained in the course of employment with the Company, shall not be regarded as scheduled on any such day.

Holiday pay shall be computed on the basis of the employee's average straight-time hourly earnings determined in accordance with Section M of Article V.

3. Employees who work on a holiday will be paid at the employee's regular rate of pay plus

one half (1/2) in addition to pay provided in Paragraph 2 above. Payment for hours worked under this Paragraph will not be duplicated by payment under Section B of this Article.

H. For the purpose of calculating overtime for work performed on the sixth or seventh days of a regularly scheduled work week, holidays shall be considered as days worked whether worked or not and regardless of whether they are scheduled as days of work or days of rest provided, however, that:

1. Any employee who has been scheduled or notified that he is required to work on a holiday and does not work, shall not have the holiday counted as a day worked for the purposes of this Section H.

2. Any employee who is absent from work on a scheduled work day immediately preceding or following a holiday, shall not have the holiday counted as a day worked for the purposes of this Section H.

ARTICLE VII - VACATIONS

A. VACATION ELIGIBILITY

Each active employee who has completed his probationary period with the Company on or after the effective date of this Agreement shall be entitled to vacation pay as set forth in this Article.

B. VACATION PAY

1. Each eligible employee shall be entitled to vacation pay based upon his continuous service with the Company and upon the percent of his total wages paid for hours worked during the twenty-six (26) pay periods ending with the last pay period that is concluded on or prior to May 31, 2006, 2007, 2008, and 2009, in the amount provided by the following table:

<u>Continuous Service On May 31, 2006, 2007, 2008, and 2009</u>	<u>Vacation Pay Entitlement (1)</u>
60 days and less than 3 years	2%
3 years and less than 8 years	4%
8 years and less than 15 years	6%
15 years and less than 24 years	8%
24 years and over	10%

(1) This percent shall be applied to wages paid for hours worked commencing with the first of the twenty-six (26) pay periods where the employee has the continuous service indicated and continuing for the balance of the twenty-six (26) pay periods, except that commencing in any pay period in which an employee has an anniversary date of 3, 8, 15, or 24 years of continuous service, the percent indicated for continuous service on that anniversary date shall be paid for hours worked in that pay period and during the balance of such twenty-six (26) pay periods.

(2) Each eligible employee shall be paid a vacation bonus payment of \$250 per week for any vacation week taken by the employee during the ten (10) consecutive-week period after the week which includes New Year's Day.

2. If an employee should die after entitlement to vacation pay but before he receives such pay, it shall be paid to his estate or to the individual entitled to receive payment of unpaid wages. If an employee is absent from work during the time that employees normally specify in what increments and at what times they desire to receive their vacation pay, he may so specify following his return to work.

3. Any employee who is separated from the

payroll shall be entitled to and be paid all vacation pay accumulated to the date of his separation. If such employee is returned to the payroll prior to the following July 1, the amount so paid shall be deducted from any amount due such employee for vacation pay on such July 1.

4. It is agreed that the amount of weekly compensation paid, pursuant to Section 4123.56 of the Revised Code of Ohio, to any employee who has been disabled by working for the Company shall be included in calculating total wages under the preceding Paragraph 1 of this Section B.

5. For the purpose only of determining the right to vacation pay, it is agreed as follows:

a. Employees who quit or are properly discharged lose all credit for previous service and, if rehired, are to be considered as starting a new service record.

b. Layoff for a continuous period as specified in Article VIII of the then current Basic Labor Agreement that constitutes a break in accumulated continuous service shall also constitute a break in service and loss of credit for all previous service under this Article VII; provided, however, employees injured while on duty may retain credit for previous service until termination of the period for which statutory compensation is payable.

c. Employees transferred between plants will receive credit for previous service at any plants from which they are transferred.

C. VACATION ALLOWANCE

1. Each eligible employee who has completed at least one (1) year's continuous service

with the Company on July 1, 2006, 2007, 2008, and 2009, shall be entitled to a vacation allowance as provided by the following table:

<u>Continuous Service On July 1, 2006, 2007, 2008, and 2009</u>	<u>Vacation Allowance</u>
Less than 1 year	0
1 year and less than 3 years	1 week
3 years and less than 8 years	2 weeks
8 years and less than 15 years	3 weeks
15 years and less than 24 years	4 weeks
24 years and over	5 weeks

2. Vacation Years. All vacations must be completed by the end of the vacation year.

<u>Dates Vacation Years Commence</u>	<u>Dates Vacation Years End</u>
June 26, 2005	June 24, 2006
June 25, 2006	June 30, 2007
June 1, 2007	June 28, 2008
June 29, 2008	June 27, 2009

3. An employee, with the approval of his supervisor, may take an unearned future vacation prior to June 26, 2005, June 25, 2006, July 1, 2007, and June 29, 2008, respectively. Such early vacation shall be counted as vacation taken in the subsequent vacation year.

D. ALLOTMENT OF VACATIONS

1. During the month of January and the first fifteen (15) days of February of each year in which this Agreement is in effect, each active employee may specify, in a manner prescribed by the Company, the vacation period he desires dur-

ing the next vacation year by indicating his initial request by January 15 and his substitute choice, if necessary, by February 15. At the same time, each eligible employee must also specify, in a manner prescribed by the Company, if he desires to take any vacation in periods of less than one (1) week as described in f. below. Vacations will be scheduled at times most desired by each employee in each department in order of the plant continuous service of the employees, except as follows:

a. Vacation schedules must be based upon operating requirements.

b. If all or part of the employee's vacation cannot be taken as scheduled, he shall be notified of the change thirty (30) calendar days prior to the beginning of his scheduled vacation. Vacations will be unscheduled within occupations or work assignments within occupations in order of plant continuous service, after which vacation shall then be rescheduled within the current vacation year to the extent possible.

c. Selection of vacation preference by an employee shall be applicable only as to the department in which he was working when the selection was made during January and the first fifteen (15) days of February prior to the vacation year. Any employee who is transferred into a different department under the terms of Article VIII of this Agreement may, for a period of fifteen (15) calendar days following such transfer, request the vacation period he desires from the available unallotted vacation time in that department.

d. No employee has a right to vacation preference in order of continuous service after the vacation preference period is closed.

e. The Company may designate up to two (2) weeks of temporary shutdown as a vacation period without regard to the schedule of vacation preference and without reference as to whether such period of temporary shutdown is entirely within a single vacation year.

f. With prior approval of an employee's supervisor, an employee in any vacation year may take his vacation one (1) or more days at a time up to a maximum of fifteen (15) days. All other vacation must be taken on at least a weekly basis. To take vacation on such a daily basis the employee must make the request of his supervisor at least one (1) week prior to the date he is requesting such vacation. The consideration of such requests will be based upon operating requirements and periods of temporary shutdown as provided in Article VII, Section D, Paragraph 1.e. The decision of the supervisor shall be final.

ARTICLE VIII - SENIORITY

A. 1. Seniority shall be deemed to consist of rights based on length of service, of transfer, retrogression, layoff, recall, and shift or schedule selection as specified in this Article. The rights, based upon seniority, shall not cover any other advantages, including, but not limited to work assignments within an occupation, machine selection, equipment selection, employment during temporary reductions of work, or employment for overtime work, but the foregoing shall not preclude any employee from requesting any such advantages from his supervisor with the express understanding that the supervisor's rejection of any such request shall not be arbitrable under Article IX.

Notwithstanding any other provision of this Agreement, the following shall apply when the Company determines that a permanent vacancy

exists in an occupation covered by multiple incentive plans, or when the Company determines that there is a need for an additional employee in 1) the manning of an incentive plan on a shift or schedule in the Steel Plants or 2) a work assignment listed in Appendix E on a shift or schedule in the Bearing Plants, but not in the occupation. When there is a need, as determined by the Company, to fill a permanent need pursuant to this Paragraph, the Company will offer the assignment to all other employees in the same occupation, same shift and schedule, in order of continuous service. The employee placed on the incentive plan will participate when he is fully qualified.

2. Unless otherwise expressly stated in this Article, the relative rights of different employees based on seniority as herein provided shall hereafter be determined by their respective lengths of *continuous service in each plant, as hereinafter* defined, computed in accordance with Section K of this Article; and the terms "seniority", "length of service", and "continuous service", wherever used in this Article VIII, shall be so construed.

3. Whenever used in this Basic Labor Agreement, the terms "job" and "occupation" will be considered to have the same meaning.

4. For a period of fifteen (15) calendar days after the 15th days of November and May in the years in which this Agreement is in effect, each employee on each occupation may file written application for assignment to a different shift or shifts on such occupation other than the shift on which the employee is working. The application for assignment to a different shift or shifts on such occupation shall remain in effect so long as the employee remains on such occupation but no longer than the term of this Agreement. The

employee's name will be removed from the shift preference list if the employee is transferred or retrogressed from such occupation or for any other reason no longer holds such occupation. The employee shall have the right, however, to change his application in accordance with the terms of this Paragraph 4. Any employee who is transferred, retrogressed, or recalled into the occupation or who is involuntarily assigned to a different shift after such fifteen (15)-day period or who is absent from work because of vacation, physical disability or force reduction during all of such fifteen (15)-day period, may file his application within fifteen (15) days after his transfer, retrogression, recall, shift assignment, or return to work. When a new shift is created by the Company, the Company will fill the vacancies on the new shift by first canvassing, on the basis of continuous service, the employees in the occupation for which a new shift is being created. Thereafter, for a period of fifteen (15) days after the filling of all of such vacancies, all other employees who have not been placed on such shift may file their respective applications indicating preference for assignment to the new shift. When a new schedule is created by the Company, the Company will fill the vacancies on the new schedule by first canvassing, on the basis of continuous service, the employees in the occupation on the shift on which the new schedule is being created. Thereafter, for a period of fifteen (15) days after the filling of all of such vacancies, all other employees who have not been placed on such schedule may file their respective applications indicating preference for assignment to the new schedule. Each employee shall be given a copy of any such application filed. At the end of such fifteen (15)-day periods, the names of

the employees who have applied for shift assignment will be arranged on the basis of continuous service on a shift preference list for each shift on each occupation to be maintained in the department. It is understood, however, that the name of any employee who is transferred into an occupation shall, for a period of six (6) months from the date of transfer, be placed at the bottom of the shift preference list. *Following such period, the name of the employee shall be immediately arranged on the shift preference list on the basis of continuous service.* Thereafter as vacancies occur on shifts whenever practical in the judgment of the Company, the vacancies will be offered to employees in the same occupation in the order that their names appear on the shift preference list prior to filling such vacancies under the provisions of Section E of this Article. An employee may at any time request that his name be removed from any such list. Any active employee who is absent on the day such shift vacancy would be offered to him shall be deemed to have accepted assignment to the shift offered and shall be assigned to such shift on his return to work. In the case of occupations for which there are rotating or other work schedules in lieu of or in addition to stationary shifts, employees may request assignment from or to such work schedules in the same manner as heretofore described. For the purpose of this Paragraph, an occupation shall be considered to be an occupation for which there is a separate job description and differences in the daily starting time and/or daily lunch period for employees classified on a given occupation shall not constitute a different schedule. In cases where the Company determines that there is a need for additional employees on any shift but not in the occupation, and no

one in the occupation has requested assignment to such shift, the Company will assign the most junior employee from another shift to such shift, unless another employee, on the same shift as the most junior employee, has requested the shift assignment, in which event, the shift assignment may be offered to the more senior employee. The provisions in this Paragraph 4 shall not apply to any movement of employees on shifts or schedules on those occupations into which employees are retrogressing.

5. An employee who is absent due to physical disability for more than one (1) calendar year and thereafter returns to work with unbroken continuous service will be returned to the occupation on which he was working at the time of layoff, provided his continuous service is sufficient to permit him to hold on such occupation, displacing that employee classified on such occupation with the least continuous service. In the event that the returning employee's continuous service is not sufficient to permit him to hold on such occupation, he will be assigned to another occupation in the same job class in the line of occupations if he has more seniority than any other employee on any such occupation, displacing that employee in that job class with the least continuous service; or, in the event his continuous service is not sufficient to hold on any such occupation in the same job class, he will retrogress to an occupation in the next lower job class where his continuous service is sufficient to permit him to hold, displacing the employee with the least continuous service on any occupation in that job class.

B. 1. Transfer is defined as movement from one occupation to a permanent vacancy in another occupation by the procedure specified in

Section F of this Article or by action taken in accordance with Section E, Paragraph 3, of this Article.

2. Retrogression is defined as movement or assignment on a permanent basis to an occupation in the same or lower labor grade in a line of retrogression as shown on the line of retrogression currently in effect or movement out of the bottom occupation in a line of retrogression into a pool occupation in accordance with Section G of this Article.

3. The Company agrees that at each plant, and only during any period of time when there are one (1) or more employees involuntarily laid off reduction in force from that plant, it will maintain at that plant a combined total of all employees in the three (3) pools, as defined below, that will equal at a minimum, five percent (5%) of all employees in that plant who are not on laid off reduction in force status. The term "pool occupations" is defined to mean:

a. Production Pool Occupations

(1) All occupations in the Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant; the Harrison, Gambrinus, and Faircrest Steel Plants; and the Wooster Plant which are both a job class 9 or below and the bottom occupation in more than one (1) line of retrogression.

(2) The Company shall limit the maximum number of Production Pool occupations so that:

(a) The total number of Production Pool occupations in all the Bearing Plants combined, defined as Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant, shall never exceed twelve (12) occupa-

tions; and

(b) The total number of Production Pool occupations in all the Steel Plants combined, defined as Harrison, Gambrinus, and Faircrest Steel Plants and Wooster Plant, shall never exceed twelve (12) occupations.

All employees working in an occupation in a line of retrogression at the Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant and the Harrison, Gambrinus, and Faircrest Steel Plants shall retrogress into or through a Production Pool occupation.

The Company, at its discretion, may, from time to time, choose not to have Production Pool occupations at the Wooster Plant. Accordingly, employees working in an occupation in a line of retrogression at the Wooster Plant shall only retrogress into or through a Production Pool occupation during any period of time when such an occupation exists at those plants.

b. Seniority Pool Occupations

(1) All occupations in the Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant classified in job classes one through five, inclusive; and

(2) All occupations in the Harrison, Gambrinus, and Faircrest Steel Plants and the Wooster Plant classified in job classes one through four, inclusive, with the exception, in both cases of:

(a) occupations covered by incentive rates; and

(b) limited bid occupations, those occupations as to which an employee must have qualifying experience as specified in (c) below; and

(c) qualifying occupations which an employee is required to hold on a permanent basis to be eligible for transfer to a limited bid occupation on an occupation chart, as provided in Section F, Paragraph 3, of this Article; and

(3) All occupations listed in Appendix D.

c. Security Pool Positions

(1) During the term of this Agreement, the Company agrees that employees who during a retrogression are unable to hold in any occupation and would otherwise be placed on laid off reduction in force status shall be eligible for placement in any position in the Security Pool that the Company, in its discretion, establishes. These are Security Pool positions.

(2) The Company retains the right to determine if a position or positions in the Security Pool should be established. For each plant, and only during any period of time when there are one (1) or more employees involuntarily laid off reduction in force from that plant, the Company will maintain a combined total of employees in the Security Pool and Seniority Pool in that plant equaling, at a minimum, fifty percent (50%) of all employees in that plant working in all three (3) pools.

(3) Employees in retrogressing shall hold in any position in the Security Pool based upon said employee's continuous service provided he has the apparent ability to perform the work.

(4) Employees holding in the Security Pool will be placed in a variety of traditional and non-traditional positions for no less than thirty-two (32) hours per week.

(a) Position examples:

(i) Traditional positions are defined as: production and maintenance work performed on a day-to-day basis in any given plant.

(ii) Non-traditional positions may be positions to be performed either inside or outside of the plant where the employee normally works such as:

[a] Work which management determines needs to be performed in any of said plants.

[b] Civic activities.

[c] Charitable activities.

[d] Services customarily contracted out such as part time assistance.

[e] Customer relations work including visits to customer facilities and customer tours of Company facilities.

[f] Summer camp duties.

[g] Training of employees or customers.

(5) Rate of pay for employees holding in the Security Pool shall be as follows:

(a) When assigned to traditional positions, employees shall be paid under Article V, Section I.

(b) When assigned to non-traditional positions, employees shall be paid at a rate of labor grade one (1) for a minimum of thirty-two (32) hours per week.

(6) Notwithstanding any other Sections of this Agreement, employees retrogressing may

refuse an offer of placement in the Security Pool thereby electing to be laid off reduction in force.

(7) The Company shall maintain a list of employees on laid off reduction in force from each plant who desire to be considered for positions established by the Company in the Security Pool for that plant. An employee on laid off reduction in force may place and/or remove his name from the list at any time, in accordance with procedures established by the Company. In order to be considered for any position in the Security Pool, which the Company chooses to fill, an employee must have his name on the Security Pool list for that plant no later than noon of each Wednesday. Only an employee that has placed his name on the list shall be offered a position, based upon continuous service provided he has the apparent ability to perform the work. Any employee on laid off reduction in force status who refuses two (2) offers of placement into the Security Pool shall be deemed to have voluntarily and permanently removed his name from the list and shall have no further right to be offered placement into the Security Pool. Such an employee, however, shall retain all recall rights provided elsewhere in this Agreement.

(8) An employee in any one of the following categories shall be counted as a pool employee for that plant for purposes of counting the total number of pool employees under the Company's obligation to maintain five percent (5%) of that plant's employees in pool occupations, as provided in this Section:

(a) A retrogressing employee who refuses placement in the Security Pool thereby electing to be laid off reduction in force from that plant.

(b) An employee on laid off

reduction in force status from that plant who refuses an offer to be returned to a position in the Security Pool or an offer to return to any occupation in the Production or Seniority Pools.

(c) An employee who has been laid off physical from any of the three (3) pools at that plant.

(9) Positions in the Security Pool will not be described or classified.

(10) An employee placed in the Security Pool, from laid off reduction in force status, shall continue to have his accumulated length of service determined as if he remained on laid off reduction in force status for a period of thirty (30) working days following the return. If the employee is laid off reduction in force within that thirty (30) working-day period following his return, his rights under Article VIII, Section K, shall be determined as if he had never been returned from laid off reduction in force status. If, however, the employee is still in the Security Pool at the conclusion of the thirty (30) working-day period or if he has been recalled from the Security Pool to an occupation outside the Security Pool, the employee's rights will be reinstated to that of an active employee.

(11) Employees shall have no right to process grievances concerning the following aspects of the Security Pool.

(a) The assignment of duties to any employee in the Security Pool or the location at which those duties shall be performed.

(b) The duties assigned to or removed from the Security Pool.

(c) The duties or work performed

by any Security Pool employee or others.

4. All new employees shall be hired into one of the pool occupations for such plant (except for qualified employees hired for trade and craft occupations as listed in the Job Classification Manual), unless a permanent vacancy in such plant has not been filled by any employee by the exercise of seniority rights in accordance with this Article; and all layoffs shall be made from the pool occupations, except as provided in Section G, Paragraph 4, of this Article.

5. Recall is defined as the right of an individual, who has been retrogressed or laid off due to force reduction, to be offered a permanent vacancy as specified in Section H of this Article.

6. For the purposes of this Agreement, each of the following is defined as a plant: (a) Canton and Gambrinus Bearing Plants and Gambrinus Roller Plant; (b) Harrison, Gambrinus, Faircrest and Wooster Steel Plants.

7. a. The X-Mill Commitment

(1) It is acknowledged by the parties that the Company is considering the construction of a new tube manufacturing facility, which is referred to herein as the X-Mill. It is agreed that if the Company does construct the X-Mill, it shall be constructed nowhere but in Stark County, Ohio, and it shall be part of the steel and tube plants of the Company as described in Article I of this Agreement, and for purposes of this Agreement shall be included within the plant, defined in Section B, Paragraph 6(b) of this Article, as "Harrison, Gambrinus, Faircrest, and Wooster Steel Plants".

(2) The parties recognize that con-

struction and start up of a new facility involves a major commitment to achieve satisfactory operations. Accordingly, in the event there is any conflict between this Section B, Paragraph 7, and any other provisions of this Agreement, or any other Agreement, it is expressly understood and agreed that the provisions of this Section B, Paragraph 7, shall prevail.

b. Selection of Employees for the X-Mill

(1) It is expressly understood and agreed that in filling the initial permanent vacancies associated with the X-Mill, which are those vacancies required to operate the X-Mill on a twenty-four (24) hour per day seven (7) day per week schedule or six (6) months from the start up of the X-Mill, whichever occurs first, the Company retains the following rights, as well as those otherwise retained by it and without limiting its rights otherwise retained:

(a) The Company retains the right, at its option, to hire new employees for the X-Mill and to select and offer assignment to said mill to qualified employees of any of the Company's plants covered by this Agreement, without any break in their continuous service. A minimum of eighty percent (80%) of all the initial permanent vacancies associated with the X-Mill will be selected from and offered to qualified employees of any of the Company's plants covered by this Agreement so long as there are a sufficient number of qualified applicants from said plants to reach this eighty percent (80%) minimum level. The Company also retains the right to lay off employees who are newly hired and to return employees from other plants who have been offered and who have accepted assignment

to the X-Mill to their previous occupations in the same manner as that provided in Section F, Paragraph 7, of this Article VIII. In addition to the provisions of Section F, Paragraph 7, of this Article VIII, the returning employees will return to the shift or schedule they held in their previous occupations. Employees may return at their own discretion within sixty (60) days of being assigned to X-Mill in accordance with Section F, Paragraph 7, of Article VIII.

(b) No grievance may be filed regarding:

[i] the hiring or layoff of new employees provided, however, that new hires completing their probationary period (one hundred twenty [120] working days) shall be retrogressed (or laid off) pursuant to this Article VIII;

[ii] the selection, assignment, and qualifications of employees, whether they are or were newly hired or employees from other plants; or

[iii] the return of employees to their previous occupations,

except that in the event any employee is dissatisfied with [a] his return to a plant from which he was transferred in the manner specified in Article VIII, Section F, Paragraph 7, of this Agreement or [b] his layoff from the X-Mill, the affected employee may file a grievance in respect to such matter in accordance with the procedure described in Article IX of this Agreement, and said grievance may be carried through the grievance procedure.

C. The occupations through which employees shall retrogress in accordance with Section G of this Article will be shown on departmental occupation charts. Occupations will be located on such charts in accordance with their relative job

classes. These occupation charts have been reviewed and agreed upon by the Company and the Union during the negotiation of this Agreement, and none of such charts shall be revised by the Company during the term of this Agreement unless necessity for such revision shall occur. A copy of the pertinent occupation chart will be posted in the appropriate department or location. No revised occupation chart shall be posted until the Area Manager has discussed it with the Steward, or if requested or if the Steward is not available, with a member of the Plant Grievance Committee. A duplicate copy of all charts now in effect and charts revised in the future will be mailed to the Local Union President.

In the event the revision of an occupation chart is unsatisfactory to any employee affected thereby, it is agreed that a grievance in respect of such revision may be filed in the second step of the grievance procedure as described in Article IX - Adjustment of Grievances and may be carried through Step 3 of the grievance procedure, but shall not be arbitrable under said Article IX.

D. Subject to the provisions of this Section, a permanent vacancy in an occupation will ordinarily be considered to occur in the following cases:

1. The termination of employment of an individual who is then holding such occupation for any reason.

2. The transfer of an employee who is then holding such occupation into a permanent vacancy in another occupation.

3. The authorized absence from work of an employee who has held such occupation, which absence continues for a period of one (1) calendar year. However, if prior to the end of such period, information is made known to the satisfaction of the Company that such absence will continue

for a period of at least one (1) calendar year the vacancy shall be treated as permanent. Notwithstanding anything in this Paragraph or in any other provision in this Agreement, an employee who is absent because of physical disability for thirty (30) working days or whose absence on the basis of information received by the Company prior to the end of such thirty (30) days is expected to continue for at least thirty (30) working days, shall be placed in the status of laid off physical.

4. The Company retains the right, however, to determine the number of employees who are required in any occupation, shift, or crew; and notwithstanding the occurrence of any of the events specified above, the Company may elect not to replace the employee who is vacating the occupation, shift, or crew if it determines that a reduced number of employees in that occupation, shift, or crew is sufficient to perform the available work for that occupation, shift, or crew.

5. Any vacancy which is not a permanent vacancy as defined above shall be considered a temporary vacancy and may be filled by the Company by any means at its discretion.

6. A temporary vacancy which has been filled by assignment of employees on a temporary basis for longer than one hundred eighty (180) working days shall be considered a permanent vacancy unless the need to fill such temporary vacancy continues longer than the above defined one hundred eighty (180) working days because of an injury, illness, leave of absence, or any projects or special conditions and the Company does not anticipate that such temporary vacancy will culminate in a permanent vacancy.

E. Subject to the provisions of Section A of this Article, all permanent vacancies in any occupa-

tion covered by this Agreement will be filled in the following manner:

1. Recall to an occupation in accordance with Section H, Paragraph 1, of this Article.

2. Transfer of an active employee requesting transfer into such a permanent vacancy under the provisions of Section F of this Article, provided that if there are any employees in the Security Pool or laid off employees described in Section H, Paragraph 2, of this Article who have greater length of continuous service in the plant than any active employee who has requested a transfer into the permanent vacancy under Section F of this Article, the vacancy will first be offered to such employees in the order of their continuous service. In all cases, employees in the Security Pool or a laid off employee will be offered such a vacancy only if he has the apparent ability to do the work and is not forbidden by law to do the work.

3. If not filled by either of the foregoing, at the Company's option, by assigning any employee from any occupation who is willing to transfer; provided, however, that before a vacancy is otherwise filled under this Section E, Paragraph 3, it shall first be offered to the senior employee who is on the list of employees who requested transfer to the permanent vacancy but who is not eligible to transfer under the provisions of Section F, Paragraph 3, of this Article. In all cases, an employee on such list shall only be eligible for such an offer if he has the apparent ability to perform the occupation as provided in Section F, Paragraph 3. In determining apparent ability for the purpose of this Section E, Paragraph 3, Subparagraph (1) of Section F, Paragraph 3 shall not be considered as a necessary element of

apparent ability.

4. Recall in accordance with Section H, Paragraph 2, of this Article.

5. Any permanent vacancy not filled according to Article VIII, Section E, Paragraph 1, 2, 3, or 4, shall be filled by requesting transfer to another plant in accordance with the provision of Article VIII, Section F, provided that if there are any employees in the Security Pool or laid off employees described in Section H, Paragraph 2, of this Article who have greater length of continuous service in the plant than any active employee who has requested a transfer into the permanent vacancy under Section F of this Article, the vacancy will first be offered to such employees in the order of their continuous service. In all cases, employees in the Security Pool or a laid off employee will be offered such a vacancy only if he has the apparent ability to do the work and is not forbidden by law to do the work.

6. Hiring of new employees.

F. The following procedures will be followed to enable active employees to request a transfer into a permanent vacancy in an occupation in accordance with Section E, Paragraph 2, of this Article.

1. Notice of any permanent vacancy in an occupation except pool occupations in Labor Grades 1, 2, and 3 will be posted in the plant where the vacancy occurs for a period of seventy-two (72) hours (exclusive of Saturdays, Sundays, and such Holidays as prescribed in Article VI.G.) beginning at 12 midnight.

2. Any employee desiring to be considered for transfer into the vacancy may apply by obtaining a Request for Transfer Form from his supervisor or the Associate Services Department and fil-

ing such request with his supervisor or the Associate Services Department within such seventy-two (72)-hour posting period.

3. To be eligible for transfer, the employee (a) must have completed his probationary period, (b) must have completed the required periods of time specified in Paragraph 13 of this Section F, (c) *must have the apparent ability to do the work of the occupation to which he is requesting transfer*, and (d) must not be prohibited by law from doing such work, provided,

(1) that the parties have agreed upon and initialed a list of certain occupations for which experience in a qualifying occupation on the occupation chart then in effect is required. Such occupations may be referred to as "limited bid occupations". Limited bid occupations in the Harrison, Gambrinus, and Faircrest Steel Plants and the Wooster Plant, which are grouped together on Limited Bid and Qualifying Occupation Lists, may be referred to as "mutually qualifying occupations". To be eligible for transfer to a *limited bid occupation*, the employee must have been permanently classified on a qualifying occupation or a mutually qualifying occupation within the last five (5) years, having completed a qualification period thereon. Provided, however, in the case of a *limited bid occupation which has never been* filled on a permanent basis, if no employee has completed a qualification period on the qualifying occupation, any employee permanently classified on the qualifying occupation shall be regarded as having the necessary experience required on the qualifying occupation for that occupation. Any employee who has held such limited bid occupation on the list referred to above on a permanent basis within the last five (5) years, having com-

pleted a qualification period thereon, shall be regarded as having the necessary experience required on the qualifying occupation for that occupation:

(2) if, during the term of this Agreement, a change to an occupation in existence on the effective date of this Agreement is prescribed by the Company which necessitates a revision to the Limited Bid and Qualifying Occupations List for that occupation and the revision is unsatisfactory to any employee affected thereby, it is agreed that a grievance in respect of such revision to the Limited Bid and Qualifying Occupations List may be filed in the second step of the grievance procedure as described in Article IX - Adjustment of Grievances, which grievance shall be arbitrable under said Article IX;

(3) in the case of occupations for which the successful completion of an Apprenticeship Program is a prerequisite, the employee must have completed such program;

and for such limited bid occupations, the foregoing shall be considered as part of the necessary elements of apparent ability for purposes of this Article.

4. That eligible employee requesting the transfer who has more continuous service than any other employee who has requested a transfer into that vacancy will be offered a qualification period as specified in Paragraph 13 of this Section F.

5. The name and continuous service date of the employee who is awarded the transfer will be posted, for a period of seventy-two (72) hours (exclusive of Saturdays, Sundays, and such Holidays as prescribed in Article VI.G.) at all loca-

tions where the notice of the permanent vacancy was posted. Any employee who requested the transfer and was not awarded the transfer may file and process a grievance, in accordance with Article IX, on the ground that he should have been awarded the transfer under the provisions hereof. Such a grievance must be filed within fifteen (15) calendar days from the date of posting of the name of the employee who was awarded the transfer, and if not then filed, no claim shall thereafter be asserted by such employee based in whole or in part on the Company's failure to award him such transfer.

6. If the employee to whom the transfer is awarded is absent from work because of vacation, temporary illness, authorized leave of absence, jury duty, or being subpoenaed as a witness in a court of law at the time he would otherwise be scheduled to begin work in the vacancy to which he is to be transferred, such vacancy will not be permanently filled until such employee returns to work, but in no case shall it remain unfilled for more than thirty (30) working days. In such interim period, the Company may fill such vacancy on a temporary basis.

7. a. An employee who by either his own or the Company's determination cannot satisfactorily perform the work in the occupation to which he has been transferred during the qualification period will be returned to the occupation from which he was transferred. It is understood, however, that during the first fourteen (14) days of the qualification period, an employee may unilaterally return to the occupation from which he transferred displacing the employee with the least continuous service who has transferred to such occupation and who has not completed a qualification

period on the occupation. The displaced employee will be returned to the occupation from which he was transferred, in turn displacing the employee with the least continuous service who has transferred to that occupation and who has not completed a qualification period on the occupation. In the event there is no employee who has been transferred to and has not completed a qualification period on the occupation to which an employee is being returned under this Paragraph, the returning employee will displace the employee on such occupation with the least continuous service, unless his continuous service is not sufficient to hold in such occupation, in which event he shall retrogress or be laid off, as the case may be, in accordance with seniority.

b. An employee from one plant who has been transferred to an occupation in another plant pursuant to Article VIII, Section E, Paragraph 5, and, who, by either his own or the Company's determination cannot satisfactorily perform the work in said occupation during the qualification period, will be returned to the occupation at the other plant from which he was transferred. It is understood, however, that the first fourteen (14) days of the qualification period shall be considered to be a transition period. During such transition period, an employee may unilaterally return to the occupation from which he transferred without the transfer limitations referred to in Section F, Paragraph 10, of this Article VIII. Any return to the other plant will be done in the same manner as that provided in Section F, Paragraph 7.a.

8. Any employee who requests, is offered and refuses a transfer under this Section will not have any further requests for transfer considered

for a period of twelve (12) months following such refusal. It is understood, however, that any refusal or transfer to a vacancy posted during a given week shall not prohibit acceptance of transfer to any other vacancy posted during the same calendar week. All refusals of transfer must be signed by the employee so refusing.

9. Any employee will be permitted only one (1) transfer under this Section during the periods of time specified in Paragraph 13 of this Section F commencing with the date of transfer. Any employee who is transferred and then is retrogressed from the occupation into which he has been transferred, shall not have that transfer count against this limitation during the specified period. Any employee who has completed a qualification period in a qualifying or a mutually qualifying occupation may bid on any permanent vacancy in the limited bid occupation for which he is qualifying without any such restriction.

10. Any employee who has failed on a qualification period shall be ineligible to bid for a transfer for a period of twelve (12) months.

11. The Company may postpone for not more than three (3) months the transfer to which an employee would otherwise be entitled if:

a. he is then in an occupation requiring training and experience; and

b. the occupation on which the employee requesting a transfer is permanently assigned contains six (6) or fewer employees or in the case of an occupation which contains more than six (6) employees at least one (1) other employee has been transferred out of the occupation within the past three (3) months pursuant to this Section; and

c. in the judgment of the Company, the transfer of any additional employees out of such occupation would seriously impair the efficient operation of any department.

Provided, however, that the employee affected by such postponement shall have his "Transfer Limitations", as determined in accordance with the table in Paragraph 13 of this Section F, reduced by a time period equal to the duration of any such postponement. During such postponement, the vacancy to which such employee is entitled may be filled on a temporary basis.

12. Any employee may file with the Associate Services Department a Request for Transfer to a pool occupation in Job Classes 1, 2, or 3 other than the occupation on which the employee is then permanently classified. Such requests shall be effective for a period of six (6) months after they are filed, but the employee may at any time withdraw his request. Thereafter as vacancies occur on such occupations, vacancies in each such occupation will be offered to the employees who have such requests currently on file in the order of their continuous service. If any employee is absent from work for any reason on the day when a transfer under this Paragraph is available, that employee shall be bypassed until another vacancy on such occupation occurs. Requests for Transfer under this Paragraph shall be subject to all the provisions of this Section F except Paragraphs 1, 2, 5, and 6.

13. a. The following table will be used to determine the length of qualification periods for all occupations, except trade and craft occupa-

tions as covered under Subparagraph b. below, to which an employee is hired, transfers, retrogresses, or is recalled. It will also be used to determine the minimum length of time required, commencing with the date of hire or transfer, before an employee may transfer from an occupation into which he was hired or transferred, as the case may be, in one of the following groups of job classes. Moreover, an employee who is recalled pursuant to Section H, Paragraph 2, hereof, may not transfer from the occupation into which he was so recalled until he has remained on such occupation for a period of time from the date of recall equal to the applicable qualification period for said occupation set forth in the following table:

<u>Job Class</u>	<u>Qualification Period</u>		<u>Transfer Limitations</u>	
	(Working Days Up To)		(Calendar Months)	
All Pool Jobs	30	NA	3	
All Jobs on Lines of Retrogression to and Including Job Class 6	60	6	9	
All Jobs from Job Class 7 to and Including Job Class 15	60	6	15	
All Jobs from Job Class 16 to and Including Job Class 25	60	6	15	
		Within Same Line of Retrogression	All Other Transfers	

b. The following table will be used to determine the length of qualification periods for the trade and craft occupations listed below to which an employee is transferred. It will also be used to determine the minimum length of time required, commencing with the date of transfer, before an employee may transfer from a trade and craft occupation into which he was transferred:

<u>Occupation</u>	<u>Dept.</u>	<u>Qual. Period</u> <u>(Calendar Months)</u>	<u>Transfer Limitations</u> <u>(Calendar Months)</u>
Tool and Gauge Inspector/A&I	13	6 (at Grade B then to Grade A)	18 Same as Subparagraph 13.a Chart
Machinist-Cages/Finisher	63		
Tool Grnder	68		
Machinist/Finisher	68		
Electrical/Electronic Maintainer	91-3		
Sheetmetal Worker/Heat Treat Attendant	91-4		
Welder/ Heat Treat Attendant	91-4		
Carpenter/Heat Treat Attendant	91-5		
Refrigeration Mechanic	91-8		
Mechanical Maintainer	91-9		
Machinist - Class A	181		
Maintainer/Welder - Certified	181	Same as above for all listed occupations.	
Mechanical/Heavy Equipment Maintainer	181		
Mechanical Maintainer	182		
Mechanical Maintainer - Gambinus Steel Plant	182		
Mechanical Maintainer	282		
Electrical Maintainer	183		
Electrical Maintainer - Gambinus Steel Plant	183		
Electrical Maintainer	283		
Equipment Maintainer	189		
Engineer-Steam (Licensed)	205		
		Within Same Line of Retrogression	All Other Transfers

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Notwithstanding any other provision of this Agreement, the transfer limitations and qualification periods set forth above will apply to any requested transfer pursuant to Section E, Paragraphs 3, 5, and 6.

14. Notwithstanding the procedures set forth in Paragraph 15, employees working at level 6 or above in an apprenticeship for the trade and craft occupations listed in Subparagraph 13.b. above on April 7, 2005, may be moved into that trade and craft occupation by the Company upon the employee's graduation from the apprenticeship.

15. Subject to Paragraph 14 and notwithstanding any other provisions of this Agreement, the following procedures will be followed to enable active employees to request a transfer into a permanent vacancy in the trade and craft occupations listed in Subparagraph 13.b. above in accordance with Section E, Paragraph 2, of this Article:

a. On or after the effective date of this Agreement, the first permanent vacancy in each trade and craft occupation listed in Subparagraph 13.b. above will be considered filled, in accordance with the procedures in this Paragraph F, in the following manner and order of priority:

(1) use the Limited Bid and Qualifying Occupation List for that trade and craft occupation to determine the eligibility of any journeyman requesting transfer and if no eligible journeyman requests such transfer then;

(2) use the Limited Bid and Qualifying Occupation List for that trade and craft occupation to determine the eligibility of an employee to request transfer to a six (6)-month apprenticeship in that trade and craft occupation and if no eligible employee requests such a transfer then;

(3) use the Limited Bid and Qualifying Occupation List for that trade and craft occupation to determine the eligibility of an employee to request transfer to a twenty-four (24)-month apprenticeship in that trade and craft occupation and if no eligible employee requests such transfer then;

(4) at the Company's option, either hire or do not hire a new employee into the apprenticeship for that trade and craft occupation.

b. On or after the effective date of this Agreement, the second permanent vacancy in each trade and craft occupation listed in Subparagraph 13.b. above will be considered filled, in accordance with the procedures of this Paragraph F, at the sole discretion and option of the Company, by either following the procedures in Subparagraph 15.a. (1) through 15.a. (4) above or in the alternative following the procedures in 15.a. (2) through 15.a. (4) above.

c. Subsequent permanent vacancies in each such trade and craft occupation will then be considered filled by alternating the procedures outlined in Subparagraphs a. and b. of this Paragraph 15.

d. New hires and any employee working in a trade and craft occupation selected for an apprenticeship will be subject to the current apprenticeship rules and regulations.

e. Current Wooster employees will be placed in the Grade A status upon completion of six (6) months from the date of transfer from Wooster to Canton and until such time will be placed in the Grade B status.

f. Employees in the occupations of Machinist - Dept. 368, Mechanical Maintainer -

Dept. 356, and Electrical Maintainer - Dept. 357 will be reclassified in the occupations of Machinist - Class A - Dept. 181. Mechanical Maintainer - Gambrinus Steel Plant - Dept. 182, and Electrical Maintainer - Gambrinus Steel Plant - Dept. 183, respectively.

G. 1. When there is a reduction of work which the Company expects to last more than twenty-four (24) hours, the Company may at its option (a) reduce the hours worked per week in the occupations or work assignments within occupations, (b) divide the work among employees on occupations or work assignments within occupations on each shift, (c) reduce forces within occupations or work assignments within occupations by laying off junior employees on each shift for no longer than thirty (30) working days, (d) reduce forces within occupations or work assignments within occupations by laying off junior employees for no longer than thirty (30) working days, or (e) reduce forces on a seniority basis as provided in the next paragraph hereof.

2. When the Company decides to reduce forces, employees who are in a qualification period in the occupation being reduced shall return, in order of least continuous service, to the occupations from which they were transferred, displacing employees with the least continuous service who are presently in a qualification period. The displaced employees shall return to the occupations from which they were transferred, displacing employees with the least continuous service who have transferred to such occupations and who are presently in a qualification period. In the event there is no employee in a qualification period on the occupation to which an employee is being returned under this Paragraph, the returning

employee will displace the employee on such occupation with the least continuous service, unless his continuous service is not sufficient to hold in such occupation, in which event he shall retrogress or be laid off from such occupation, as the case may be, in accordance with seniority.

In the event there are no employees who are in a qualification period in the occupation being reduced, employees shall retrogress through the occupations on the current occupation chart. Employees in retrogressing shall hold in any occupation based upon said employee's continuous service provided he has the apparent ability to perform the occupation.

In the event of a decrease in forces in a trade and craft occupation which requires the completion of an Apprenticeship Program, the ratio at the time of such decrease of the number of employees in the Apprenticeship Program to the number of employees in the applicable trade and craft occupation shall not be exceeded, except in the event of a major modification or expansion of facilities requiring a projected increase in the number of employees required in a trade and craft occupation. The Company, however, may, at its option, remove more employees from the Apprenticeship Program than is necessary to maintain such ratio in the event of any such decrease.

The Company shall provide a Basic Education Training Program for the purpose of preparing interested employees for application to an Apprenticeship Program.

3. In case an employee is retrogressed to an occupation he has not held on a permanent basis, he shall be afforded a qualification period as specified in Paragraph 13 of Section F of this

Article. Any employee whose work during such qualification period shows that he lacks the apparent ability to perform the occupation satisfactorily shall be retrogressed from the job class and shall have no further claim to the job upon transfer.

4. If an employee does not have sufficient length of service to hold in the bottom occupation in the line of occupations through which he has retrogressed, he shall be retrogressed to a pool occupation in the plant, displacing that employee who has the least continuous service of all employees in all the pool occupations in that plant. If the retrogressed employee does not meet the requirements of Paragraph 5 below with respect to the occupation held by such most junior employee, he will be assigned to that one of the pool occupations for which he does meet such requirements, then held by the employee who has the least continuous service of all employees in any of the pool occupations for which the retrogressed employee does meet such requirement. The employee in all the pool occupations with the shortest length of continuous service shall be laid off, and other employees will be reassigned to different pool occupations as necessary, but with the least possible reassignment of employees. In no event shall the retrogressed employee displace another employee who has more continuous service than the retrogressed employee.

5. In all cases, an employee will only be retrogressed to an occupation which he has the apparent ability to perform and is not forbidden by law to perform.

6. If an employee does not have sufficient length of service to hold in the bottom occupation

in the line of occupations through which he has retrogressed, he may be assigned to any vacancy in a pool occupation prior to applying the provisions set forth in Paragraph 4 above. If such employee is senior to all employees on layoff who have the apparent ability to perform the occupation, such employee shall be permanently classified on such occupation. If such employee is not senior to an employee on layoff who has the apparent ability to perform the occupation, then within forty-five (45) calendar days of the assignment of such an employee to the vacancy, the Company will assign the most senior employee on layoff who has the apparent ability and that employee will be permanently classified on such occupation. The employee who is assigned to such occupation on a temporary basis shall then be retrogressed pursuant to Paragraph 4 above. Any employee who is assigned to such an occupation on a temporary basis shall be paid the rate of that occupation notwithstanding any other provisions in this Agreement.

7. Any employee who, by reason of a physical or mental condition, is unable to perform the duties of the occupation to which he is assigned may request voluntary retrogression. If the Company agrees, it may assign any such employee to the Production Pool occupation applicable to the line of retrogression, the duties of which he is able to perform to the satisfaction of the Company, and provided that such employee's length of continuous service permits him to hold in such occupation. Thereafter, such employee shall have rights of transfer and recall to other occupations in accordance with the provisions of this Article.

H. 1. a. Any employee who has been retro-

gressed out of or through any occupation, shall have an occupational recall right to that occupation for a period of five (5) years following such retrogression.

b. The recall rights established above shall apply to recalls to fill permanent vacancies which occur subsequent to the date of this Agreement and shall not be used to displace employees actively working as of the date of this Agreement.

c. Before a permanent vacancy in any occupation is otherwise filled, it shall first be offered, in order of plant continuous service, to any employee who has occupational recall rights to that occupation under this Paragraph 1. An employee who refuses an offer of recall to an occupation under this Paragraph 1 shall have no further right of recall to that occupation. If an employee who has recall rights under this Paragraph 1 to occupations in more than one (1) line of retrogression accepts an occupational recall to any of such occupations, he shall continue to have recall rights to other occupations in which he has not refused recall in the same or higher labor grades in that line of retrogression, but his acceptance of recall to such an occupation shall preclude any further offers of recall to occupations in any other line of retrogression. All refusals of offers of recall shall be in writing and signed by the employee refusing the offer of recall. Any employee who has been laid off due to force reduction and who refuses two (2) offers of recall under this Paragraph 1 shall be deemed to have voluntarily quit the employ of the Company.

2. When there is a permanent vacancy to be filled which has not been filled pursuant to Section E, Paragraphs 1, 2, 3, 4, 5, or 6; or an increase in forces in any plant, employees who were placed in

the Security Pool of such plant or laid off from such plant shall be recalled in the order of their continuous service, provided the layoff of such employee occurred within a period equal to such employee's period of continuous service, but with a maximum of five (5) years and a minimum of two (2) years. Any employee who has refused two (2) offers of recall under this Paragraph 2 shall not be given any further offers of recall hereunder. Notwithstanding this Paragraph 2, any employee who has not refused two (2) offers of plant recall under this Paragraph 2 shall have an extended plant recall right pursuant to Section K, Paragraph 4, of this Article VIII during the term of this Agreement.

3. In all cases, an employee will be recalled to an occupation only if he has the apparent ability to do the work and is not forbidden by law to do the work.

4. Any employee who is recalled under the provisions of Paragraphs 1 and 2 of this Section shall be returned on a qualification period basis for a period as specified in Paragraph 13 of Section F of this Article. If he cannot satisfactorily perform the work on such occupation during such qualification period, he may be laid off without change in his previous seniority status, except that he shall have no further recall rights to that occupation.

5. If an employee who has been laid off due to physical disability has been approved for work but is not physically able to perform the work to which he would otherwise be assigned under this Paragraph, he shall be assigned to any permanent vacancy to which he has the apparent ability to perform, provided his continuous service would entitle him to the vacancy. If such employ-

ee is again physically able to perform the occupation to which he would otherwise have been returned within twelve (12) months after returning to work, he shall then be returned to such occupation and shift or to the occupation and shift to which his continuous service would then entitle him, and other employees having less continuous service shall be retrogressed as necessary. If he is not so returned within such twelve (12)-month period, he shall thereafter have no right to return to any other occupation, except by transfer in accordance with Section F of this Article.

6. If any difference shall arise between the Company's physician and the physician of an employee as to whether such employee is physically able to return to work, such difference shall be resolved as follows:

The medical opinion of a third physician, which physician shall be agreed upon by the Company's physician and the employee's physician, shall decide the issue and such decision shall be final and binding on all parties and shall not be eligible for appeal through the grievance and arbitration procedure.

I. Any employee who is not properly retrogressed, is not laid off, or is not recalled according to the terms of this Article may file a grievance in respect thereof. An employee not on layoff due to a reduction in force may file such a grievance within ten (10) calendar days (exclusive of Saturday, Sunday, and Holidays) from the date of such action by the Company. An employee on layoff due to a reduction in force may file such a grievance within thirty (30) calendar days from the date of such action by the Company. If it is determined that such action was contrary to this

Agreement, such employee will be reinstated with back pay to the date of such action. In the event that any employee files a grievance more than ten (10) calendar days (exclusive of Saturday, Sunday, and Holidays) or more than thirty (30) calendar days, whichever is applicable, after the date of such action, and it is determined that such action was contrary to this Agreement, such employee will be reinstated with back pay only to the date of filing such grievance. Any employee who fails to call to the Company's attention an error in the posting of his continuous service prior to bidding for a transfer, retrogression, layoff, or recall shall not be entitled to back pay hereunder.

J. An employee's master card shall be the official record from which his length of service is determined. On the seniority lists to be posted when this Article VIII shall become effective, the continuous service date of each employee, computed in accordance with Section K of this Article, will be shown. Any employee who believes that the continuous service date so shown for him is incorrect may present and process a grievance for the purpose of correcting such date in accordance with the grievance procedure prescribed in Article IX of this Agreement. Any such grievance must be filed no more than ninety (90) days after the effective date of this Article VIII; and if no grievance is then filed, the date so shown shall be conclusively deemed to be correct for all purposes; provided, however, if it appears that the continuous service date of any employee shown on any posted seniority list is not the same date as is shown on the employee's master card, properly adjusted in accordance with Section K of this Article, the Company will correct the date on the seniority list for any such employee to conform with the applicable date as shown on the employ-

ee's master card, so adjusted. Any employee whose name is not shown on any seniority list posted when this Article VIII shall become effective, shall have no more than ninety (90) days following the posting of the subsequent list on which his name and continuous service date first appears to file such a grievance.

Social Security Numbers shall be recorded on employees' master cards. If it becomes necessary to compare the plant continuous service of employees, the employee who is shown on the master cards as having the lowest Social Security Number shall be regarded as having the greater service record.

K. An employee's length of service shall be broken and credit for all previous service lost by:

1. Voluntarily quitting the service of the Company (an unauthorized absence of seven (7) consecutive scheduled work days shall be considered a voluntary quit);

2. Discharge for proper cause from the service of the Company;

3. Layoff for reduction in force or because of physical disability or shutdown of a plant for a continuous period exceeding two (2) years, provided, however, an employee so laid off shall retain his length of service record plus such continuous period of layoff of two (2) years (called his accumulated continuous service), for purposes of recall rights only, but not to add to his accumulated continuous service for an additional period equal to (a) three (3) years or (b) the excess, if any, of his length of continuous service at commencement of such absence over two (2) years, whichever is less. However, a break in continuous service shall not occur during a layoff

because of physical disability resulting from an injury or disease for which Workers' Compensation Benefits are payable, provided the employee returns to work within thirty (30) calendar days after the end of the period for which Total Disability Benefits are payable and provided the total continuous period of his absence from work does not exceed five (5) years.

4. Any employee whose length of service is broken, pursuant to Paragraph 3 of this Section K, shall nevertheless for purposes of plant recall rights only, and not to add to his accumulated continuous service, have recall rights as set forth in this Paragraph but only during the term of this Agreement. Any recall shall be based upon the employee's accumulated continuous service as of the time of the employee's break in length of service. Any such employee shall be eligible for recall only pursuant to Paragraph 2 of Section H of Article VIII of this Agreement. The employee's length of service shall be the total of his accumulated continuous service prior to the break in length of service and his continuous service accumulated subsequent to his recall. At the termination of this Agreement, all recall rights as provided in this Paragraph shall be cancelled for such employees who have not been recalled during the term of this Agreement.

5. Any employee currently employed in one of the Canton district plants who is offered and accepts a transfer to another plant within the Canton district shall not thereby have his length of service broken. His service in such plant shall be determined by including with it his length of continuous service from the plant from which he was transferred. An employee so transferred shall have no right of recall to his former plant, nor to

any occupation at his former plant, while an active employee at the plant to which he transferred. If after transferring to the plant the employee is laid off due to a reduction in force, the employee shall have such rights of recall, if any, that he would have had, had he not transferred to another plant provided (a) he has not been absent from the plant from which he transferred for a period in excess of three (3) years, (b) he has not refused an offer of occupational or line recall to his former plant while on layoff status, or (c) he has not refused an offer of plant recall to such former plant while on laid off status in the case he does not have occupational or line recall, whichever occurs first. Subject to the provisions of this Paragraph 5, his rights of recall to the plant to which he was transferred shall be determined in accordance with Section H of this Article.

6. a. Any employee on layoff for reduction of forces or physical reasons who returns to work after September 25, 2005, whose length of service was broken while laid off due to reduction of force after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement, shall, after the date of the employee's return to work, have his accumulated continuous service adjusted, for purposes of his Basic Labor Agreement rights only, so that his level of continuous service, after the date of his return to work, shall be the same as if the employee had not experienced a break in length of service because of layoff due to reduction in force pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement.

b. Any employee on layoff for reduction of forces or physical reasons who returns to work after September 25, 2005, whose length of service was broken while laid off due to reduction in force after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement, and who was rehired to a plant other than the plant from which he was laid off, shall, after the date of the employee's return to work, have his accumulated continuous service adjusted, for purposes of his Basic Labor Agreement rights only, so that his level of continuous service, after the date of his return to work, shall include his length of continuous service from the plant from which he was laid off.

c. (1) Any active employee as of September 25, 2005, whose length of service was broken while laid off due to physical disability after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement, shall have his accumulated continuous service adjusted, for purposes of his Basic Labor Agreement rights only, so that his level of continuous service, as of September 25, 2005, shall be the same as if the employee had not experienced a break in length of service because of layoff due to physical disability pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement.

(2) Any employee on layoff for reduction of forces or physical reasons who returns to work after September 25, 2005, whose length of service was broken while laid off due to physical disability after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983,

1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement, shall, after the date of the employee's return to work, have his accumulated continuous service adjusted, for purposes of his Basic Labor Agreement rights only, so that his level of continuous service, after the date of his return to work, shall be the same as if the employee had not experienced a break in length of service because of layoff due to physical disability pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, 1993, 1997, 2000, or 2005 Basic Labor Agreement.

L. When former employees have lost their seniority and are rehired, their service shall be computed as though they were for the first time employed by the Company on the date of their rehire.

M. *The Company agrees to post seniority lists and will revise such lists at three (3)-month intervals. A duplicate copy of the applicable seniority list will be sent to the Local Union President.*

N. Effective on the date of this Article VIII, any employee who is or has been advanced to a supervisory position shall no longer accumulate length of service during the time that he is working on such supervisory position. In the event such supervisor shall return to his former line of occupations, he shall have his previous length of service as of the date of this Article VIII. The Company at its option may fill a vacancy in a supervisory or other salaried position on a temporary basis for a period of not longer than one (1) year. Provided, however, that if the Company continues to have a need to fill such a vacancy after the end of such a period of not longer than one (1) year, the vacancy shall be filled on a permanent basis.

O. 1. A newly hired employee shall be considered on probation for a period of one hundred twenty

(120) days worked in the employ of the Company during which time the Company may, at its option, demote, transfer, lay off, or dismiss such probationary employee. The Company shall have no obligation to rehire such probationary employee laid off prior to the expiration of this probationary period. An employee retained after his period of probation expires shall become a regular employee and shall be credited with length of service from the date of the first day worked.

2. An employee hired or rehired on or after the effective date of his Agreement who is thereafter laid off or dismissed during the probationary period and is subsequently rehired within one (1) year from the date of any such lay off or dismissal shall have the days of actual work accumulated prior to such lay off or dismissal added to the days of actual work accumulated during any subsequent probationary period of employment. Such combined total of days actually worked, as computed above, shall be used to determine the date upon which the employee completes the probationary period of one hundred twenty (120) days worked in the employ of the Company. An employee retained after the period of probation expires, as computed in accordance with this Paragraph 2, shall become a regular employee and shall be credited with length of service from the date of the first day worked after the first rehiring.

3. Notwithstanding any other provision of this Section O, an employee hired on or after May 1, of any year, and dismissed no later than September 30, of that year, shall be defined as "summer help". Paragraph 2 of this Section O shall not be applicable to "summer help".

P. The Company shall have the right to hire or select and place on occupations not more than

ten (10) employees in any line of occupations without regard to continuous service for advancement because of potential ability, training, knowledge, or special qualifications for positions with the Company outside of the bargaining unit. Any employee so hired or selected shall not remain on any one occupation longer than three (3) months. The Company shall keep a list of employees selected for this purpose; immediately upon selection, the employee's name shall be placed on such a list, and the names of such persons shall be available to the Union. Any person so selected shall not remain on such program for longer than three (3) years.

Q. 1. The President, Vice President, Financial Secretary, Treasurer, and Recording Secretary of any Local Union, who is an employee of the Company, shall be given, upon his request, leaves of absence subject to the following conditions: (1) each leave of absence for each such officer shall be for periods, each of three (3) years duration; (2) such leaves of absence shall be for the purpose of working for the Local Union in handling Local Union affairs; and (3) such leaves of absence shall not constitute any break in the employee's record of continuous service.

2. In addition to leaves of absence permitted under Paragraph 1, any employee shall be given, upon request, a leave of absence for a period not to exceed three (3) years for the purpose of working for the International Union and such leave of absence shall not constitute any break in the employee's record of continuous service and the period of leave of absence shall be included in such record of continuous service.

**ARTICLE IX -
ADJUSTMENT OF GRIEVANCES**

A. The Grievance Committee for each plant shall consist of not more than nine (9) employees, except for the Harrison, Gambrinus, and Faircrest Plant which shall consist of not more than twelve (12) employees.

B. The members of the Grievance Committee and the Job Evaluation Committee shall be designated by the Union, and they shall be afforded such time off, without pay, as may be required:

1. To attend meetings for the purpose of presenting and discussing with the designated representatives of the Company the matters provided for in this Article IX and in Article X of this Agreement, in the manner therein provided. If the meeting concerns job evaluation, then the Job Evaluation Committee will attend in place of the Plant Grievance Committee as specified in this Agreement.

2. To visit departments in the plant in which they work, at all reasonable times, after notice to the head of the department to be visited and after obtaining a written permit from their own department head, or his designated representative, which permit shall specify the purpose of their visit to the other department and shall show the time of their departure from their own department. When said members of the Grievance Committee and Job Evaluation Committee leave said other departments, such written permit must be presented to the head of the departments visited, or to his designated representative, who shall countersign said written permit and shall note thereon the time of departure. In the case of the Grievance Committee, such department visits

shall be only for the purpose of investigating grievances which have been appealed to Step 3. The President of the Local Union shall be considered a member of the Grievance Committee for the purpose of such department visits relating to the investigation of grievances which have been appealed to Step 3. In the case of the Job Evaluation Committee, such department visits shall be only for the purpose of investigating employee complaints regarding job description and/or classification after an employee has received grievance forms but before he has filed such forms with his immediate supervisor. The Grievance Committee shall not be permitted to visit a department for the purpose of investigating a grievance in a case where the Job Evaluation Committee has previously visited the department regarding the same complaint or grievance. The provisions of this Paragraph 2 apply only to active employees of the Company.

C. Such additional representatives of the Union, with at least one (1) representative for each shift in each department from the employees in each department, as may be designated by the Union to be necessary for the prompt handling of grievances, may be appointed as Stewards of the Union. Such Stewards shall not be members of the Plant Grievance Committee. The Stewards of the Union shall be permitted to represent employees up to and including Step 2 only of the grievance procedure set forth in this Article and will be afforded such time off, without pay, as may be required for such purposes.

Such Stewards shall be permitted to interview employees in the department for which they have been appointed Stewards in respect of any *pending grievance involving the employees to be*

interviewed after having obtained permission to do so from the supervisor of the department.

D. The Union shall certify, over the signature of the President of the Local Union covering each plant, a list of the Grievance Committee, Job Evaluation Committee, and Stewards who are to be recognized by the Company as such. The list of Union representatives shall be kept up to date when any changes are made therein by the Union, and the Company shall be promptly notified in writing of such changes. It is understood and agreed that the Company shall not recognize any Union representative who has not been duly certified by the proper Local Union President in the manner herein provided. The Company shall notify the proper Local Union President of any new departments which are established or old departments which are abolished.

E. The parties agree that the provisions of this Article IX provide adequate means, if followed, for the adjustment and disposition of any complaints or grievances.

STEP 1. Any employee who has a complaint concerning wages, hours, and working conditions that directly affects him at the time of such complaint may discuss the alleged complaint in the presence of his departmental Steward (or if there are no Stewards available in the employee's department, a Steward from another department within the jurisdiction of the employee's department head or a member of the Plant Grievance Committee) with his immediate supervisor(s) in an attempt to adjust it. The supervisor shall then have a maximum of five (5) calendar days (exclusive of Saturday, Sunday, and Holidays) in which to investigate the employee's complaint and provide his answer to such complaint. If such answer

cannot be given at the end of such five (5)-day period, the supervisor will so advise the employee at the same time telling him when the complaint will be answered. If after the investigation has been completed the complaint has not been resolved to the employee's satisfaction, he may, in the presence of his departmental Steward (or if there are no Stewards available in the employee's department, a Steward from another department within the jurisdiction of the employee's department head), request and will immediately be given grievance forms by his immediate supervisor. In any event, the employee may request and will be given grievance papers after thirty (30) days following the initial discussion between the employee, his Steward, and his immediate supervisor(s). In the case of a complaint concerning disciplinary action or the discharge of an employee, grievance forms will be given to the employee immediately upon the employee's request. In the event of a complaint concerning a new rate, grievance forms will, in any event, be given to the employee at least five (5) calendar days (exclusive of Saturday, Sunday, and Holidays) prior to the expiration of the time for filing a grievance concerning such new rate. Grievance forms will be made available on all shifts.

The grievance shall be reduced to writing, dated, and signed by the employee involved, and four (4) copies shall be returned to his immediate supervisor. The employee shall state clearly and concisely all facts which are the basis of his grievance; and if he claims that any Article or Articles of this Agreement are involved, he shall specify such Article or Articles on such form. No employee shall rely upon or ask that consideration be given to or disposition made of any grievance based upon any Article or Articles of this

Agreement or any part thereof in any subsequent step of the grievance procedure which have not been specified by such employee on said form.

STEP 2. A grievance so appealed from the first step of the grievance procedure shall be discussed at a meeting to be held within five (5) calendar days after receipt of such notice of appeal, which meeting shall be between the employee, his Steward (or if there are no Stewards available in the employee's department, a Steward from another department within the jurisdiction of the employee's department head), and one (1) member of the Plant Grievance Committee, if requested by the employee, and the head of the department or his designated representative and a representative of the head of the facility or his designated representative. If there are no Stewards available in the employee's department, the Step 2 may be held with the employee and one (1) member of the Plant Grievance Committee. Within five (5) calendar days after such meeting, the head of the department shall state, in the proper place on the form, his disposition of the grievance by clearly and concisely answering all matters raised by the grievance and shall sign, date, and return the goldenrod copy to the employee and the white copy to his Steward.

If the employee, with the approval of the Union, wishes to appeal the disposition of his grievance to the next step in the grievance procedure, a Representative of the International Union shall appeal such grievance by mailing a written notice of appeal to a duly designated representative of the Company which shall be postmarked within ten (10) calendar days after receipt by the employee of the written disposition of the head of the department. Grievances to be discussed at

such meetings shall be only those covered by the written notice of appeal, and no grievance shall be discussed at such meetings, unless Steps 1 and 2 have been completed.

STEP 3. A grievance so appealed from the second step of the grievance procedure shall be discussed at a meeting to be held at the Company office of the plant involved within ten (10) calendar days after receipt of such notice of appeal, which meeting shall be between a Representative of the International Union, the President of the Local Union, the Plant Grievance Committee, and a duly designated representative or representatives of the Company. The grieving employee has the privilege of being present at and participating in the Step 3 meeting.

Minutes of the discussion of each grievance shall be dictated at all Step 3 meetings by the duly designated representative of the Company and the Representative of the International Union. Said minutes shall be typewritten and shall conform to the following outline:

- a. Date and place of meeting.
- b. Names and positions of those present.
- c. Identifying number and description of grievance.
- d. Brief statement of Company's position.
- e. Brief statement of Union's position.

Within ten (10) calendar days after such meeting, the duly designated representative of the Company shall mail his written disposition of the grievance, postmarked within such ten (10)-day period, to the Representative of the International Union.

Only grievances involving the interpretation or application of this Agreement or disciplinary action are eligible for appeal to arbitration and if the employee, with the approval of the Union, wishes to appeal the disposition of his grievance to arbitration, a Representative of the International Union shall mail to the Company written notice of appeal of the grievance to arbitration, postmarked within ten (10) calendar days after receipt at the address of the Representative of the International Union of the disposition of the duly designated representative of the Company in Step 3.

STEP 4. The arbitration of any grievance so appealed to arbitration shall be handled in the following manner:

a. The Representative of the International Union shall include in the written notice of appeal to arbitration, the names of persons for consideration to act as an arbitrator. Within ten (10) calendar days after the receipt of such notice of appeal, the parties may submit by letter to each other additional names of persons for consideration to act as an arbitrator.

b. In the event that the parties are unable to agree upon an arbitrator within ten (10) calendar days from the date of receipt of the notice of appeal, the arbitrator shall be selected as follows:

The parties shall agree on one (1) panel to serve the Canton and Wooster Plants. The names placed on the panels shall be persons residing in the State of Ohio. Within five (5) calendar days after the end of such ten (10) calendar-day period, the parties shall meet at the offices of the plant concerned for the

selection of an arbitrator. In the event the Union fails to have a representative present within such five (5)-day period to participate in the selection of an arbitrator, the grievance shall be deemed to have been accepted by the Union and the employee on the basis of the Step 3 disposition.

The names of the panel for the plant concerned, typed on identical cards, shall be placed in a container and one (1) shall be drawn from the container by either a Union or Company representative. The drawing of the name for the first case for which an arbitrator is to be selected after the effective date of this Agreement shall be drawn from the container by the Union representative. The drawing of the name for the arbitrator for the second case to be arbitrated shall be drawn by the Company representative. Thereafter, drawings shall be alternately made by the parties' representatives. The name of the arbitrator so selected shall be duly authorized to serve as arbitrator for the disposition of the grievance for which he was selected in the manner hereinafter set forth.

c. Within ten (10) calendar days after an arbitrator has been selected, either by agreement of the parties or by selection as heretofore provided, the Union shall file a copy of the grievance with the arbitrator, and the Company shall file with the arbitrator a copy of the last disposition of the grievance.

d. The arbitrator shall have only the functions and powers set forth herein and shall have authority to decide grievances involving the

interpretation or application of this Agreement or disciplinary action only. His fees and expenses shall be paid one half (1/2) by the Company and one half (1/2) by the Union, and the expense of a copy of a stenographic record of the arbitration proceedings for the arbitrator shall be borne equally by the parties, if the arbitrator desires such copy.

e. Promptly after receipt of the statement from the Company, the arbitrator shall agree with the parties as to a mutually satisfactory date. Any and all hearings shall be held within ninety (90) days after the date of the letter to the arbitrator from the Company incorporating a copy of the Company's last disposition of the grievance. If the arbitrator is unable to schedule and hold all such hearings within such ninety (90)-day period because of the unwillingness of either party to proceed, the arbitration proceedings shall be dismissed as follows: (1) if the Company is unable or unwilling to proceed within such ninety (90)-day period, the employee's grievance shall be allowed; (2) if the Union is unable or unwilling to proceed within such ninety (90)-day period, the employee's grievance shall be disposed of on the basis of the Company's disposition under the last preceding step of the grievance procedure; (3) if the arbitrator is not available to proceed within such ninety (90)-day period, upon notice to that effect or the expiration of such ninety (90)-day period, the parties shall proceed to secure another arbitrator as provided in Article IX - Adjustment of Grievances, Step 4.b.; provided, however, that the selection meeting specified therein shall be held within five (5) calendar days after such notice from the arbitrator or the expiration of such ninety (90)-day period.

At such a hearing, each party shall be permitted to produce such witnesses as it desires for examination and each party shall have the right to cross-examine all witnesses produced by the opposite party. If desired by either party or by the arbitrator, a stenographic record shall be made of all testimony taken before the arbitrator. Immediately upon receipt of the stenographic record, the arbitrator shall notify each party of the date of its receipt by him. Each party shall be permitted to file a brief within two (2) weeks after the date on which the arbitrator notifies the parties of his receipt of a copy of the record. The time for filing such brief may be extended by the arbitrator for only one (1) additional period of no more than two (2) weeks at the request of either party for good cause shown. A copy of each party's brief that is to be served on the opposite party shall be delivered to the arbitrator who shall, upon receipt of both briefs if so filed, deliver the briefs to the opposite party.

f. It shall be the duty and the function of the arbitrator within thirty (30) calendar days after receipt of the final briefs of the parties herein to make a decision in the case, which decision shall be final and binding upon the parties. A copy of such decision must be mailed to the parties and postmarked within such thirty (30)-day period. However, in the event that the arbitrator shall fail to mail a copy of his decision and have the copy postmarked within the period of time specified in this Paragraph f, he shall be deemed to have lost jurisdiction of and be lacking in authority to make a decision in the case. The Company will notify the arbitrator that he has been relieved of his authority under the Agreement for failure to mail a postmarked copy of his decision within the speci-

fied time. A copy of such letter to the arbitrator will be sent to the Representative of the International Union. Upon receipt of such letter by the Union, the time limits and procedure as specified in Article IX, Step 4, Paragraphs a through d, shall become effective. It is agreed, however, that the powers and the jurisdiction of the arbitrator shall be limited as follows:

(1) He shall have no power to add to or subtract from or modify any of the terms of this Agreement.

(2) He shall have no power to establish wage scales or change any wage rates, except as otherwise specifically empowered in Section B, C, or H of Article V of this Agreement.

(3) He shall have no power to substitute his discretion for the Company's discretion in cases where the Company is given discretion by this Agreement.

(4) He shall have no power to award back pay except in a case of a grievance involving a disciplinary discharge or a disciplinary lay-off. Each claim for back wages shall be limited to the amount of wages that the employee should otherwise have earned in the employ of the Company, less any wages received from employment accepted in place of his former employment with the Company and/or unemployment compensation received during the period of back pay. No back pay may be awarded to any employee of any plant or in any plants not operating for any cause at any time during the period covered by the back pay demand.

Back pay for any employee, as a result of his grievance, shall be calculated by multiplying

the average hourly straight-time earnings of the employee over the two (2) pay periods preceding the disciplinary action by the average number of hours worked by employees doing similar work in the department in which the employee worked during the period covered by the disciplinary action.

Such employee to whom payment of back pay is made shall be given a written statement showing the details of the computation of back pay made as herein provided. A copy of such statement shall be given to the employee's Steward and mailed to the Representative of the International Union.

g. In the event the arbitrator awards back pay in accordance with the terms of this Agreement, any such payment of back pay shall be made to the grievant whose name is on the face of the grievance form within sixty (60) calendar days from the date of the arbitrator's award. Such sixty (60)-day period shall not apply to other employees who may have joined in the grievance.

F. Any grievance not appealed from the written disposition of the Company's representatives in any of the steps of the grievance procedure within the times and in the manner specified herein shall be considered as having been accepted by the employee and the Union on the basis of the disposition last made and shall not be eligible for further appeal.

G. Any grievance involving the interpretation or application of this Agreement, which has been disposed of in Step 2, shall not be made the subject of another grievance by the same employee or employees.

Any grievance involving the interpretation or

application of this Agreement, which has been disposed of in Step 3 by denial of the employee's grievance, shall not be made the subject of another grievance by any employee.

H. Any grievance pending on the date of the execution of this Agreement under the grievance procedure of the preceding collective bargaining agreement between the parties, shall be disposed of under the terms of such preceding collective bargaining agreement, but the further processing of such pending grievance shall be in accordance with the terms of this Agreement.

I. No employee shall have a right to file any grievance claimed to have arisen under any preceding collective bargaining agreement between the parties or make any complaint based upon an event or a happening that occurred prior to the effective date of this Agreement; provided, however:

1. If a new rate has been established by the Company during the term of the 2000 Agreement as to which rate the time for filing a grievance has not expired on the effective date of this Agreement, a grievance may be filed and processed in respect of such rate pursuant to the terms of Section C, Article V - Rate Establishment and Adjustment.

2. If an employee elects to file a grievance pertaining to a disciplinary discharge, disciplinary layoff, or disciplinary warning that occurred within five (5) calendar days prior to the date of the signing of this Agreement, said grievance may be filed within five (5) calendar days after the date of the signing of this Agreement and shall be disposed of under the terms of the preceding collective bargaining agreement but shall be processed

according to the terms of this Agreement.

In the event that any employee files a grievance which the Company asserts involves a claim arising under any preceding collective bargaining agreement between the parties or is based upon an event or happening that occurred prior to the effective date of this Agreement, and the disposition of the Company in the third step of the grievance procedure asserts this claim, if such a grievance is appealed to arbitration by the Union, the arbitrator shall be required to have a hearing and first dispose of the single question as to the arbitrability of the grievance. If it is determined that the grievance either arose under a preceding collective bargaining agreement or is based upon an event or happening that occurred prior to the effective date of this Agreement, there shall be no further hearing in respect of such a grievance.

J. If any employee quits while any grievance which he has filed or in which he is interested is pending hereunder, such grievance shall terminate as to such employee as of the date on which he quits, except as to any claim that any employee may have as to back pay arising out of any grievance which such an employee may have pending under Section C, Article V - Rate Establishment and Adjustment.

ARTICLE X - DISCHARGE CASES

A. Before an employee is discharged, either in or outside of the department in which he works, the supervisor who is making the discharge will call a Union Steward from a department within the jurisdiction of the employee's department head, or a member of the Plant Grievance Committee, in this order, if available, and will acquaint him with the circumstances of the case, and will also tell the employee, in the presence of

the Union representative, why the employee is being discharged.

B. In the event an employee shall be discharged from his employment from and after the date hereof and he believes he has been discharged improperly, such discharge shall constitute a case arising under the method of adjusting grievances herein provided. In the event it should be decided that the employee is not guilty of the matter charged as the basis of his discharge, the Company shall reinstate such employee and pay full compensation at the employee's regular rate of pay less any wages received from employment accepted in place of his former employment with the Company and/or unemployment compensation received during the period of back pay.

C. In all such cases of discharge, the written grievance signed by the discharged employee shall be mailed to the Superintendent of Industrial Relations of the plant in which he worked and postmarked within ten (10) calendar days from the date of discharge. The discharge of an employee shall be final in any case where such written grievance is not filed within such ten (10) calendar-day period. It is agreed that in handling any grievance involving the discharge of an employee, the provisions of Article IX - Adjustment of Grievances commencing with Step 3, shall be followed with the time limits as outlined below:

1. A Step 3 meeting shall be held within ten (10) calendar days after receipt of the written grievance signed by the discharged employee.

Within ten (10) calendar days after such Step 3 meeting, the duly designated representative of the Company shall mail a written disposition of the grievance, postmarked within such ten

(10)-day period, to the Representative of the International Union.

2. a. If the employee, with the approval of the Union, wishes to appeal the disposition of the grievance to arbitration, a Representative of the International Union shall mail to the Company written notice of appeal of the grievance to arbitration, postmarked within ten (10) calendar days after receipt at the address of the Representative of the International Union of the disposition of the *duly designated representative of the Company* in Step 3.

b. The Representative of the International Union shall include in the written notice of appeal to arbitration, the names of persons for consideration to act as an arbitrator. Within ten (10) calendar days after the receipt of such notice of appeal, the parties may submit by letter to each other *additional names of persons* for consideration to act as an arbitrator.

c. In the event that the parties are unable to agree upon an arbitrator within ten (10) calendar days from the date of receipt of the *notice of appeal*, an arbitrator shall be selected in the manner provided in Paragraph b of Step 4 of Article IX - Adjustment of Grievances.

d. Within ten (10) calendar days after an arbitrator has been selected to serve in the arbitration proceedings, either by agreement of the parties or by selection as heretofore provided, the Union shall file a copy of the grievance with the arbitrator and the Company shall file with the arbitrator a copy of the last disposition of the grievance.

e. Promptly after receipt of the statement from the Company, the arbitrator shall agree

with the parties as to a mutually satisfactory date. Any and all hearings shall be held within forty-five (45) days after the date of the letter to the arbitrator from the Company incorporating a copy of the Company's last disposition of the grievance.

If the arbitrator is unable to schedule and hold all such hearings within such forty-five (45)-day period because of the unwillingness of either party to proceed, the arbitration proceedings shall be dismissed as follows: (1) if the Company is unable or unwilling to proceed within such forty-five (45)-day period, the employee's grievance shall be allowed; (2) if the Union is unable or unwilling to proceed within such forty-five (45)-day period, the employee's grievance shall be disposed of on the basis of the Company's disposition under the last preceding step of the grievance procedure; (3) if the arbitrator is not available to proceed within such forty-five (45)-day period, upon notice to that effect or the expiration of such forty-five (45)-day period, the parties shall proceed to secure another arbitrator as provided in Article IX - Adjustment of Grievances, Step 4.b.; provided, however, that the selection meeting specified therein shall be held within five (5) calendar days after such notice from the arbitrator or the expiration of such forty-five (45)-day period.

Immediately upon receipt of the stenographic record, the arbitrator shall notify each party of the date of its receipt by him. Each party shall be permitted to file a brief within seven (7) calendar days after the date on which the arbitrator notifies the parties of his receipt of a copy of the record. The time for filing such brief may be extended by the arbitrator for only one (1) additional period of one (1) week at the request of

either party for good cause shown.

It shall be the duty and the function of the arbitrator within fifteen (15) calendar days after receipt of the final briefs of the parties herein to make a decision in the case, which decision shall be final and binding upon the parties. A copy of such decision must be mailed to the parties and postmarked within such fifteen (15)-day period. However, in the event that the arbitrator shall fail to mail a copy of his decision and have the copy postmarked within the period of time specified in this Paragraph, he shall be deemed to have lost jurisdiction of and be lacking in authority to make a decision in the case. The Company will notify the arbitrator that he has been relieved of his authority under the Agreement for failure to mail a postmarked copy of his decision within the specified time. A copy of such letter to the arbitrator will be sent to the Representative of the Union. Upon receipt of such letter by the Union, the time limits and procedure as specified in Article IX, Step 4, Paragraphs a through d, shall become effective.

D. The discharged employee has the privilege of being present at and participating in any meeting when his case is discussed with the Company under the grievance procedure.

ARTICLE XI - SAFETY AND HEALTH

A. The Company shall continue to make reasonable provisions for the safety and health of its employees at the plants during the hours of their employment. Protective devices, wearing apparel, proper ventilating and heating equipment and other equipment necessary to properly protect employees from sickness or injury shall be provided by the Company in accordance with the practice now prevailing in each separate plant.

B. 1. Any employee who alleges a significant safety or health hazard which directly affects his working conditions may discuss the alleged hazard with his immediate supervisor in an attempt to adjust it. The supervisor shall then have a maximum of five (5) calendar days (exclusive of Saturday, Sunday, and Holidays) in which to investigate the matter and provide his answer to the allegation. If such answer cannot be given at the end of such five (5)-day period, the supervisor will so advise the employee at the same time telling him when the answer will be provided. If after the investigation has been completed the matter has not been resolved to the employee's satisfaction, the Chairman of the Union Safety Committee may file a written request for a meeting with a duly designated representative of the Company, which request shall be postmarked within ten (10) calendar days after the employee receives the supervisor's final response.

The matter shall be discussed at a meeting to be held at the Company office of the plant involved within ten (10) calendar days after receipt of such request, which meeting shall be between the Chairman of the Union Safety Committee, *the member of the Union Safety Committee for the plant involved*, the Company's safety representative for the plant, and a duly designated representative of the Company. The employee alleging the hazard has the privilege of being present at and participating in this meeting. Employees attending such meeting shall be afforded such time off, without pay, as may be required. Within ten (10) calendar days after such meeting, the duly designated representative of the Company shall mail the Company's written response, postmarked within such ten (10)-day period, to the Chairman of the Union Safety

Committee.

2. The Chairman of the Union Safety Committee and the member of the Union Safety Committee for the plant involved shall be afforded such time off, without pay, as may be required to visit the department(s) in the plant in which the alleged hazard exists for the purpose of investigating the employee allegation. Such a visit shall occur only after a written request for a meeting with the duly designated representative of the Company but before the meeting is held. The visit to the department(s) may occur, at all reasonable times, after notice to the Company's safety representative for the plant involved and after obtaining a written permit from said Company safety representative.

3. The parties agree that the provisions of Section B of this Article provide adequate means, if followed, for the adjustment and disposition of any safety or health hazard allegation. Accordingly, the parties agree that during the processing of any safety or health hazard allegation through the procedures specified in Section B of this Article, they will neither make nor file, nor will they encourage any employee to make or file a complaint, formal or otherwise, with any governmental authority, including the Occupational Safety and Health Administration, with respect to the subject matter of any such allegation which is then being processed through the procedures of Section B of this Article.

C. If there is a death of any employee from a work-related incident or the inpatient hospitalization of three (3) or more employees as a result of a work-related incident, the Chairman of the Union Safety Committee may request a visit to the department where the incident occurred. The

Chairman shall be afforded such time off, without pay, as may be required for such a visit, which visit may occur, at all reasonable times, after notice to the Company's safety representative for the plant involved and after obtaining a written permit from said Company safety representative. The purpose of any such visit by the Chairman shall be to help avoid the reoccurrence of such an incident.

ARTICLE XII - BULLETIN BOARDS

The Union has furnished, or will furnish, 24" x 36" bulletin boards which have been or will be installed by the Company throughout the plants for the use of the Union in posting notices pertaining exclusively to Union affairs or Credit Union affairs. At least one (1) bulletin board shall be placed in each department and more than one (1), if agreed upon between the Company and the Union. Any bulletin board damaged by the Company will be repaired by the Company.

ARTICLE XIII - MILITARY AND NAVAL SERVICE

The parties agree to follow the Universal Military Training and Service Act, as amended, in connection with the reinstatement and employment of former employees of the Company who have been discharged from the military and naval service of the United States.

ARTICLE XIV - DISCIPLINARY ACTION RECORD

The Company has maintained a record of disciplinary actions taken against employees by retaining copies of the disciplinary action slips given to employees at the time they were disci-

plined. It is agreed that from and after August 1, 2005, any employee whose most recent disciplinary action slip is dated four (4) years or more prior to such date or four (4) years prior to any date thereafter during the term of this Agreement shall have all disciplinary action slips stricken from his record and no disciplinary action slip so stricken from the record of any such employee shall be considered during the term of this Agreement in disciplining such employee.

**ARTICLE XV -
UNREPRESENTED EMPLOYEES**

A. The Company and Union have a long-standing relationship which benefits both parties. The Company places high value on the continuation and improvement of its relationship with the Union. The parties recognize that when the Union is involved in an organizing campaign directed at unrepresented employees, there is a risk that the campaign activities of either party may have a harmful effect upon the relationship of the parties. The parties agree that they should take appropriate steps to ensure that all organizing campaigns involving such employees are conducted in a manner free of harassment, which does not misrepresent to employees the facts and circumstances surrounding their employment and in a manner which does not demean either the Company or the Union as an organization nor their respective representatives as individuals. It is further understood and agreed by the parties that all their actions and all communications made by them or in their behalf in connection with any organizing campaign shall be fair, factual, non-coercive, free from manipulation, and respectful of the other party and the process of collective bargaining.

B. In further recognition of their commitments in regard to organizing campaigns, the parties agree that except for the salaried employees of the Company's facilities located in Stark County, Ohio, the Union may elect to use an expedited procedure for determining whether the unrepresented employees at a facility of the Company (including U.S. subsidiary operations that are owned fifty percent (50%) or more by the Company) desire to be represented by the Union. If the Union advises the Company that an organizing campaign is in progress to organize a unit of unrepresented employees and the Union has elected to proceed under the expedited procedure to resolve the issue of representation rather than under the National Labor Relations Act, the parties will meet as soon as practicable, but not more than within five (5) working days of the notification for the purpose of reaching agreement on the proper description of the unit which the Union seeks to organize, the identity of the employees in the unit, and the selection of an arbitrator from the American Arbitration Association who shall verify the authenticity of the cards and determine whether a majority of the employees in the unit have signed union authorization cards. If the parties reach agreement on such matters, the Company agrees to provide to the Union a list of all employees in the unit within seven (7) days which provides the home address and shift or crew for each employee. In order to proceed further under the expedited procedure, the Union must present, within sixty (60) days for a unit consisting of one hundred (100) employees or less; seventy-five (75) days for a unit consisting of between one hundred and one (101) and five hundred (500) employees; and ninety (90) days for a unit consisting of five hundred and one (501)

or more employees, after receipt of such list of employees, authorization cards signed by a majority (fifty percent [50%] plus one [1]) of the employees in the unit to the arbitrator. In the event that the parties are unable to agree upon the description of the bargaining unit and/or the identity of the employees in the unit, the parties agree that the arbitrator shall hear evidence from the parties, within five (5) days of the Union's notification, and decide the issues between them based upon the principles of the National Labor Relations Act. In the event that the arbitrator is required to resolve such an issue, the Company shall present the list of employees in the unit during the seven (7)-day period following its receipt of the decision of the arbitrator, and the designated time period for presenting the authorization cards to the arbitrator for the determination of whether an election should be conducted shall begin on the date the list of employees is furnished to the Union.

Once the list of names, home addresses, and shift or crew has been received by the Union, the Company will permit employees from any other Company facility to occupy areas of its property near entrances and exits of the facility utilized by employees of the proposed bargaining unit three (3) days each calendar week for the purpose of distributing union literature and material and soliciting employees of the facility to sign authorization cards and vote for the Union, provided that no more than two (2) such employees from any other facilities of the Company may occupy the area at the same time. If there are multiple entrances and exits for the facility involved in the campaign, the restriction of two (2) such employees from any other facilities of the Company will be increased to a maximum of four (4), provided

that no more than two (2) such employees from any other facilities of the Company are at any such entrance or exit at the same time. The Company will also permit off-duty employees from the unit sought to be organized to distribute union literature and materials and to solicit employees to sign authorization cards and to vote for the Union at those employee entrances to its facility which are used by the employees of the unit to enter or exit the facility, provided that no more than two (2) off-duty employees of that facility may engage in such activity at any such entrance at the same time. The Company will not object to display of support by employees for the Union by the wearing of Union shirts, the wearing of Union hats in non-hard hat areas, or the display of Union buttons or stickers on the personal property of the employees. The parties agree that the activities of its employees supporting the Union and/or the activities of the employees from any other Company facilities shall not be permitted to compromise safety, disrupt ingress to or egress from a facility, or disrupt the business activities conducted at the facility. The Union agrees that neither its supporters at that facility nor employees from any other facilities of the Company will use loud speakers or similar devices on the Company property.

1. The arbitrator shall be chosen by the American Arbitration Association, hereinafter called the "Association" in accordance with its Election Rules which concern the conduct of elections by the Association. If the arbitrator is unable or unwilling to agree to make the determination within five (5) days after being presented the authorization cards by the Union, a new arbitrator shall be chosen in the same manner and such procedure shall be repeated as many times

as is necessary to select an arbitrator who is able and willing to make the determination within five (5) days after being presented the cards by the Union. Authorization cards to be considered valid by the arbitrator must clearly state that an employee who signs the card is designating the Union as the employee's exclusive collective bargaining representative and must be signed during the designated time period immediately following the date the Company presented the Union with the list of employees. The arbitrator shall determine whether the names of the signers are on the list of employees in the bargaining unit supplied by the Company to the Union and shall compare the signatures on such authorization cards to actual employee signatures for verification. The parties expressly agree that neither the representations of the Union nor the investigation of the cards by the arbitrator shall create an obligation on the part of the Company to bargain collectively with the Union and that the authorization cards may not be presented as evidence by the Union or any third party in any proceedings before the National Labor Relations Board. If the arbitrator determines that a valid majority of the employees in the bargaining unit have signed authorization cards, the following expedited procedure shall be applicable:

a. After receipt of the arbitrator's determination, the parties will promptly make arrangements with the Association to conduct a secret ballot election in accordance with its Election Rules at the Company's facility for the purpose of determining whether a majority of the voting employees in the unit desire to be represented by the Union. The election shall be held on a mutually agreeable date within the ten (10) working-day period (excluding Saturdays, Sundays, and

holidays) following the date of the arbitrator's determination. The election will be scheduled to afford all unit employees a reasonable opportunity to vote during their scheduled shift, and the Company will post notices setting forth the mutually agreeable date, times, and locations of the election. The Company and Union will agree upon a releasing schedule which permits employees to vote without unreasonable interruption of the Company's operations. The Company and Union will each select an observer to assist at each election session and such observers shall assist in the counting of the ballots when the balloting is completed. If the Association certifies that a majority (fifty percent [50%] plus one [1]) of the voting employees have selected the Union as their representative, the Company will recognize the Union as the bargaining representative of the employees in the unit and enter into good-faith negotiations. If the Association certifies that the Union has not been selected as the representative of the employees in the unit by a majority of the voting employees, there can be no subsequent recognition election conducted by the American Arbitration Association or the National Labor Relations Board in the unit for a minimum of one (1) year following the date of the certification of the Association.

b. Within the five (5) calendar days following receipt of the arbitrator's determination, the Company will post on all bulletin boards where notices of the Company are customarily posted for the employees sought to be organized by the Union notices which read as follows:

NOTICE TO EMPLOYEES

We have been advised that the United Steelworkers of America, AFL-CIO, is conducting

an organizing campaign to determine whether a majority of employees in (description of bargaining unit) desire to be represented by the Union as their collective bargaining agent. This is to advise you that:

1. The Company will bargain collectively with the Steelworkers if a majority of employees choose the Union as their representative in a secret ballot election conducted by the American Arbitration Association.

2. The choice of whether or not to be represented by the Union is yours alone to make.

3. The Company will not interfere in any improper manner with your right to choose.

- c. After receipt of the arbitrator's determination, the Company will permit employees from any other Company facility to occupy areas of its property near entrances and exits of the facility utilized by employees of the proposed bargaining unit five (5) days each calendar week for the purpose of distributing union literature and material and soliciting employees of the facility to vote for the Union, provided that no more than two (2) such employees from any other facilities of the Company may occupy the area at the same time. If there are multiple entrances and exits for the facility involved in the campaign, the restriction of two (2) such employees from any other facilities of the Company will be increased to a maximum of four (4), provided that no more than two (2) such employees from any other facilities of the Company are at any such entrance or exit at the same time. The Company will also permit off-duty employees from the unit sought to be organized to distribute union literature and materials and to solicit employees to vote for the Union at those employee entrances to its facility which

are used by the employees of the unit to gain entry to the facility, provided that no more than two (2) off-duty employees of that facility may engage in such activity at any such entrance at the same time. The Company will not object to display of support by employees for the Union by the wearing of Union shirts, the wearing of Union hats in non-hard hat areas, or the display of Union buttons or stickers on the personal property of the employees. The parties agree that the activities of its employees supporting the Union and/or the activities of the employees from any other Company facilities shall not be permitted to compromise safety, disrupt ingress to or egress from a facility, or disrupt the business activities conducted at the facility. The Union agrees that neither its supporters at that facility nor employees from any other facilities of the Company will use loud speakers or similar devices on the Company property.

2. If the arbitrator determines that authorization cards have not been signed by a majority of the employees in the bargaining unit, the Union will be barred from electing to proceed under either the expedited procedure or the National Labor Relations Act for a determination of representation of the bargaining unit for a period of twelve (12) months following the date of the arbitrator's determination.

C. Either party shall refer any alleged violation or dispute involving the terms of this Article XV to a Joint Committee of the Union's District Director and the Company's Corporate Director of Industrial Relations. If the alleged violation or dispute cannot be satisfactorily resolved by the said representatives, either party may request expedited arbitration to resolve such alleged violation or dispute. If expedited arbitration is requested, the

parties will jointly request the Association to furnish a list of seven (7) arbitrators. To select an arbitrator from the list, the parties will, within five (5) working days after receipt of the list, alternatively strike the names on the list until one (1) is left. The parties shall notify the arbitrator of the selection by forwarding a joint notice of selection to the arbitrator. The time limits and procedure for such expedited arbitration shall be as follows:

1. Promptly after receipt of the notice of selection from the parties, the arbitrator shall agree with the parties as to a mutually satisfactory date. The hearing shall be held within fifteen (15) calendar days after the date the notice of appeal to expedited arbitration is filed with the arbitrator.

2. If the arbitrator is unable to schedule and hold the hearing within such fifteen (15) calendar-day period because of the unavailability of the arbitrator or of the unwillingness of either party to proceed, the arbitration proceedings shall be dealt with as follows: (a) if the party requesting the arbitration is unable or unwilling to proceed within such fifteen (15) calendar-day period, the alleged violation or dispute shall be deemed denied; (b) if the party who did not request the arbitration is unable or unwilling to proceed within such fifteen (15) calendar-day period, the alleged violation or dispute shall be deemed resolved in favor of the party requesting the arbitration; (c) if the arbitrator is not available to proceed within such fifteen (15) calendar-day period, a new arbitrator shall be chosen in the manner set forth above. Such procedure shall be repeated as many times as it is necessary to select an arbitrator who is available within the required fifteen (15) calendar-day period. The arbitrator shall

have no power to add to or to subtract from or modify any of the terms of this Agreement. All decisions by an arbitrator selected hereunder shall be based upon the terms of this Agreement. The decision of the arbitrator shall be final and binding on the parties.

3. The expedited arbitration hearing shall be conducted in the following manner:

a. The hearing shall be concluded in no more than two (2) consecutive days. The arbitrator shall assure that each party shall have an equal opportunity to use, if needed, a minimum of one-half (1/2) of the hearing to present its case.

b. No post-hearing briefs shall be filed. Pre-hearing briefs may be filed on the date of the hearing.

c. The arbitrator shall issue an expedited decision no later than three (3) calendar days after conclusion of the hearing. The expedited decision shall be explained in a follow-up written opinion which shall be issued no later than ten (10) calendar days after conclusion of the hearing.

D. Aside from other remedial authority necessary for the enforcement of this Article XV, if an arbitrator determines that the Union is guilty of intentional, flagrant, and repeated violations of this Article XV (after having the matter called to the Union's attention), with regard to the appropriate bargaining unit of employees at that facility, the arbitrator shall declare the provisions of Article XV to be null and void for such bargaining unit and the Union may not thereafter elect the expedited procedure for a period of one (1) year.

E. Aside from other remedial authority necessary for the enforcement of this Article XV, if an

arbitrator determines that the Company is guilty of intentional, flagrant, and repeated violations of this Article XV (after having the matter called to the Company's attention), with regard to the appropriate bargaining unit of employees at that facility, the arbitrator shall order that in any future organizing campaigns at that facility the Company must recognize the Union as the representative of the bargaining unit upon presentation by the Union to an arbitrator selected under Article XV, Section B, of authorization cards signed by fifty percent (50%) plus one (1) of the employees in such bargaining unit. The arbitrator in such future organizing campaigns shall verify the authenticity and validity of the cards under the standards set forth in Article XV, Sections A and B, before deciding whether or not to order recognition.

F. All fees and costs for the services rendered by arbitrators and the American Arbitration Association under this Article XV shall be shared equally by the parties.

ARTICLE XVI - SUCCESSORSHIP

The Company agrees that in the event of a sale of the facilities covered by this Agreement, the following conditions will be satisfied prior to the closing of the sale.

1. The Buyer shall recognize the Union as the bargaining representative for the Employees working at the facilities to be sold.

2. The Buyer shall either agree to operate under the existing terms and conditions affecting bargaining unit employees or have entered into an agreement with the Union establishing new terms and conditions of employment to be effective as of the closing date of the Sale.

3. To the extent that the Company may have any continuing obligations, responsibilities, or liabilities to the Union and/or the Employees following a Sale, upon the Company's request, the Union will enter into negotiations with the Company on the subject of releasing and discharging the Company from any such obligations, responsibilities, and liabilities, except as the parties otherwise mutually agree.

**ARTICLE XVII -
EFFECTIVE AND TERMINATION DATES**

A. Except as otherwise specifically provided elsewhere in this Agreement, the provisions of this Agreement shall become effective on September 25, 2005, at 12:01 a.m.

B. No provision in this Agreement shall be considered as having any retroactive effect, unless it is clearly so stated.

C. This Agreement shall continue in full force and effect until 12:01 a.m., September 28, 2009, and for yearly periods thereafter, unless either party shall notify the other party in writing not less than sixty (60) days before any termination date of such party's desire to commence negotiations for a new Agreement. After receipt of such sixty (60)-days' notice, the parties shall meet at a mutually satisfactory time and place for the purpose of negotiating a new Agreement.

THE TIMKEN COMPANY

Alan C. Oberster
Manager - Industrial
and Associate Relations

**UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION**

STEELWORKERS OR USW

Leo W. Gerard
International President

James D. English
International Secretary-Treasurer

Tom Conway
International Vice President,
Administration

Leon Lynch
International Vice President,
Human Affairs

David R. McCall
District 1 Director

Dennis Brommer
Sub District Director

Stanley Jasionowski
President - Local Union 1123

William Wright
Vice President - Local Union 1123

Kindell Huffman
Unit Chair - Local Union 1123-03

Patrick Eslich
Negotiator - Canton Bearing Plant
Local 1123

Scott Albertson
Negotiator - Gambrinus Bearing Plant
Local 1123

Paul McKenzie
Negotiator - Faircrest Steel Plant
Local 1123

Randy Feemster
Negotiator - Gambrinus Steel Plant
Local 1123

Joseph Hoagland
Negotiator - Harrison Steel Plant
Local 1123

2006

January							February							March							April						
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2007

January							February							March							April						
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27	28	29	30	31			24	25	26	27	28	29	30	29	30	31					26	27	28	29	30	31	

September							October							November							December						
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2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10	2	3	4	5	6	7	8
9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17	9	10	11	12	13	14	15
16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24	16	17	18	19	20	21	22
23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30		23	24	25	26	27	28	29
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2008

January							February							March							April						
S	M	T	W	Th	F	Sa	S	M	T	W	Th	F	Sa	S	M	T	W	Th	F	Sa	S	M	T	W	Th	F	Sa
		1	2	3	4	5							1	2						1		1	2	3	4	5	
6	7	8	9	10	11	12	3	4	5	6	7	8	9	2	3	4	5	6	7	8	6	7	8	9	10	11	12
13	14	15	16	17	18	19	10	11	12	13	14	15	16	9	10	11	12	13	14	15	13	14	15	16	17	18	19
20	21	22	23	24	25	26	17	18	19	20	21	22	23	10	17	18	19	20	21	22	20	21	22	23	24	25	26
27	28	29	30	31			24	25	26	27	28	29		23	24	25	26	27	28	29	27	28	29	30			
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25	26	27	28	29	30	31	29	30						27	28	29	30	31			24	25	26	27	28	29	30
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21	22	23	24	25	26	27	19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27
28	29	30					26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31			
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2009

January	February	March	April
S M T W Th F Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W Th F Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28	S M T W Th F Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31	S M T W Th F Sa 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30
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September	October	November	December
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NOTES

B-157

2005
PENSION AGREEMENT
And
INSURANCE AGREEMENT

Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA
AFL-CIO

THE TIMKEN COMPANY
CANTON, OHIO

2005
PENSION AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

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2005
PENSION AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THIS PENSION AGREEMENT, dated as of September 23, 2005, between THE TIMKEN COMPANY, hereinafter referred to as the "Company", and UNITED STEELWORKERS OF AMERICA, AFL-CIO on behalf of itself and Local Unions 1123 and 1123 Unit 03, said International Unions and Local Unions collectively being referred to as the "Union", and shall be known as the 2005 Pension Agreement.

PREAMBLE

WHEREAS, the parties have entered into a series of Pension Agreements, including amendments or extensions thereof, the most recent of which is dated January 14, 2000, and is known as the 2000 Pension Agreement; and

WHEREAS, the parties have agreed to continue the Pension Plan established under said Pension Agreements, and the payment of Pension Benefits from the pension trust heretofore established, but with certain changes to become effective on January 1, 2006.

IT IS HEREBY AGREED, between the parties as follows:

Until January 1, 2006, all of the provisions of the 2000 Pension Agreement shall remain in effect.

Except as otherwise provided, the provisions of this 2005 Pension Agreement shall become effective January 1, 2006.

ARTICLE I - DEFINITIONS

Wherever used herein, the terms hereinafter referred to in this Section of this Pension Agreement shall be understood to have the following meaning:

1. The term "employee", within the meaning of this Agreement, means an employee of the Company as defined in Section A of Article I of the Agreement between the parties dated September 23, 2005, herein referred to as the 2005 Basic Labor Agreement.

2. The term "participant", within the meaning of this Agreement, means an employee who has attained twenty-one (21) years of age and has completed one (1) year of service. Once an employee has satisfied these requirements, he will participate in the Pension Plan on the day following the day that he has met such requirements. The computation period for determining eligibility to participate shall be the vesting computation period defined in Article II, Section C, with the initial eligibility computation period being the twelve (12) consecutive-month period beginning with the employee's date of hire. In determining eligibility to participate, an employee will be credited with hours of service as defined in Article II, Section C.

3. The terms "Administrator" and "Pension Administrator", within the meaning of this Agreement, mean the Company or a trust company or insurance company selected by the Company.

4. The term "recipient", within the meaning

of this Agreement, means any participant who has qualified for immediate or deferred Pension Benefits under any of the provisions of this Agreement, but unless otherwise specifically provided, does not include a recipient who has retired or otherwise qualifies for Pension Benefits under any prior Pension Agreements.

5. The term "beneficiary", within the meaning of this Agreement, means the survivor of a participant or a recipient, who has qualified for a Survivor's Pension hereunder or a beneficiary under optional Pension Benefits elected by a participant, but unless otherwise specifically provided, does not include a beneficiary who has otherwise qualified for Pension Benefits under any prior Pension Agreements.

6. Whenever in this Agreement the male gender is used, it shall be construed to include the female gender.

ARTICLE II - PENSION BENEFITS

All Pension Benefits provided for herein shall be subject to the approval of the shareholders of the Company, if such approval is necessary in the judgment of the Company, and of the United States Treasury Department in accordance with the requirements of the Internal Revenue Code. In the event that it is determined by the Company that this Pension Agreement shall be submitted to the shareholders of the Company for approval, the Company agrees to submit this Agreement for approval to its shareholders at the next annual meeting of the shareholders to take place on the third Tuesday in April, 2006, and to present this Agreement to the United States Treasury Department for its approval as soon after the Agreement is executed as is practicable. If shareholders of the Company shall fail to approve this

Agreement at the next shareholders' meeting, or if the Treasury Department shall give notice of its final disapproval of this Agreement after submission to it, then this Agreement shall terminate forthwith but the parties shall meet promptly at the office of the Company in Canton, Ohio, at mutually convenient times after notice of either of such disapprovals has been given by the Company to the Union for the purpose of negotiating regarding such changes in this Agreement as may be necessary to secure approval of the shareholders or the Treasury Department, as the case may be. It is understood, however, that neither party hereto shall be required to agree to making such changes.

If no agreement is reached within thirty (30) days after such notice in either case, for a period of fifteen (15) days after such thirty (30)-day periods, the Union shall not be bound by its no-strike pledge contained in Article IV - Strikes and Lockouts of the 2005 Basic Labor Agreement between the parties, but the then current Basic Labor Agreement, the then current Supplemental Unemployment Benefit Agreement, the then current Insurance Agreement, and the then current 401(k) Agreement shall not be regarded as terminated. If no strike action is taken during such fifteen (15)-day periods, Article IV - Strikes and Lockouts shall remain in effect for the balance of the above mentioned Agreements. In the event of a strike during such fifteen (15)-day periods, upon the settlement of the issue relating to such Pension Plan, the 2005 Pension Agreement, as amended as a result of negotiations, shall be reinstated for all purposes.

A. ELIGIBILITY

The following participants shall be entitled to

Pension Benefits herein:

1. Normal Pension

Any participant who retires voluntarily from the service of the Company on or after January 1, 2006, and who has at the time of his retirement attained the age of sixty-five (65) years shall be entitled to receive a pension upon his retirement in the amount herein specified. Any participant who has met those eligibility requirements shall have a non-forfeitable right to a normal pension.

2. Early Reduced Pension

Any participant may retire voluntarily from the service of the Company on or after January 1, 2006, and shall be entitled to receive a pension upon his retirement in the amount herein specified, provided:

- a. He shall have attained the age of sixty (60) but shall not have attained the age of sixty-two (62); and
- b. Who has at the time of his retirement not less than fifteen (15) years of continuous service.

3. Pension Due To Shutdown or Layoff

Any participant may retire from the service of the Company on or after January 1, 2006, and shall be entitled to receive a pension upon his retirement commencing with the first calendar month following the determination by the Administrator of the happening of one of the events listed in Subparagraph b below in the amount herein specified, provided:

- a. (1) He shall have not less than fifteen (15) years of continuous service and shall on the

date of his retirement (a) have attained the age of fifty-five (55) years or more and whose combined age plus years of continuous service (computed to the nearest 1/12) shall equal seventy (70) or more or (b) whose age plus years of continuous service (computed to the nearest 1/12) shall equal at least eighty (80); or

(2) He shall have not less than twenty (20) years of continuous service on his last day worked and shall on the date of his retirement (a) have attained an age which together with his years of continuous service (computed to the nearest 1/12) shall equal sixty-five (65) or more and (b) have not refused an opportunity for employment with the Company, which would disqualify the employee from receiving Supplemental Unemployment Benefits pursuant to the provisions of Article IV, Section 2.b.(7), of the 2005 Supplemental Unemployment Benefit Agreement.

b. The layoff resulting in a break in his service with the Company shall be by reason of a permanent shutdown of the plant, department, or subdivision thereof in which he was working or a layoff by reason of a reduction in force.

c. The Pension Administrator shall notify any such laid off participant in writing at his last known address at the end of such two (2)-year period and again at the end of such extended recall period (as provided in Article VIII, Section H, of the then current Basic Labor Agreement) of his possible eligibility for a pension under this Paragraph 3, if, in the meantime, he has not voluntarily applied for a pension. Any such participant wishing to receive such pension under Paragraph 3 must file a proper written application with the Pension Administrator on a form prescribed by the Pension Administrator either with-

in ninety (90) days from the date of any such notice from the Administrator or voluntarily at any time between the end of such two (2)-year period and the end of such extended recall period.

Provided, however, the Administrator will grant a pension to an eligible participant laid off by reason of reduction in force as specified in this Paragraph 3.b. above, prior to the date that the absence due to layoff results in a break in service when recall or reemployment of such participant is unlikely; and provided that in case of a layoff resulting from a permanent shutdown of the plant, department, or subdivision thereof in which the participant was working, he may apply for a pension at any time following his layoff.

4. Early Full Pension

a. Any participant may retire from the service of the Company on or after January 1, 2006, and shall be entitled to receive a pension upon his retirement in the amount herein specified, provided he shall have attained on the date of his retirement at least the age of sixty (60) years and shall have at the date of retirement not less than twenty-five (25) years of continuous service.

b. Any participant may retire voluntarily from the service of the Company on or after January 1, 2006, and shall be entitled to receive a pension upon his retirement in the amount herein specified, provided he shall at the time of his retirement have not less than thirty (30) years of continuous service.

c. Any participant may voluntarily retire from the service of the Company on or after January 1, 2006, and shall be entitled to receive a pension upon his retirement in the amount herein specified, provided he shall have attained on the date of his retirement at least the age of

sixty-two (62) years and shall have at the date of retirement not less than fifteen (15) years of continuous service.

5. Disability Pension

a. Any participant who shall have become permanently and totally disabled on or after January 1, 2006, and who shall have at least fifteen (15) years of continuous service with the Company, prior to the date his continuous service is broken, and subject to his becoming totally and permanently disabled as hereinafter provided, shall be entitled to receive a pension on the conditions and in the amount herein specified. To be permanently and totally disabled for the purposes of this Paragraph 5.a., a participant must be eligible for a Disability Benefit under the Federal Social Security System on the date his continuous service is broken, or must be totally disabled by bodily injuries or disease and thereby prevented from engaging in employment in any occupation performed by production and maintenance employees under the Basic Labor Agreement (1) prior to the date his continuous service is broken or (2) prior to the date his extended recall period expires (as provided in Article VIII, Section K.3., of the then current Basic Labor Agreement), provided the participant can establish that the condition leading to his permanent and total disability was a disabling condition as of the date his continuous service broke. Such disability must continue for a period of five (5) consecutive months before it shall be considered permanent. Any participant with a disability pension application pending as of January 1, 2006, who shall have been declared eligible for a Disability Benefit under the Federal Social Security System on the date his continuous service is broken shall be entitled to a disability pension.

b. Any participant who shall have become disabled on or after January 1, 2006, and who shall have attained at least the age of fifty (50) years and shall have not less than fifteen (15) years of continuous service with the Company prior to the date his continuous service is broken, and subject to his becoming disabled as hereinafter provided, shall be entitled to receive a pension on the conditions and in the amount herein specified. To be disabled for the purposes of this Paragraph 5.b., a participant must be disabled by bodily injuries or disease prior to the date his continuous service is broken and be thereby permanently prevented from performing the duties of his current occupation, but must have the apparent ability to perform the duties of another existing but unavailable occupation performed by production and maintenance employees under the Basic Labor Agreement at the plant where he is employed. Such disability must continue for a period of five (5) consecutive months prior to the date his continuous service is broken before it shall be considered qualifying. A participant determined to be disabled under this Paragraph 5.b. shall be subject to the provisions of Article VIII, Section E, Paragraph 2, and Section H, Paragraph 5, of the then current Basic Labor Agreement. The pension provided under this Paragraph 5.b. shall cease if the participant returns to work or refuses to return to any permanent vacancy in the plant where he was employed.

c. No participant shall be entitled to Pension Benefits whose disability results directly or indirectly from (1) military or naval service in any future wars and who does not return to work for the Company upon completion of such service, (2) his having engaged in a criminal enterprise, or (3) intentionally self-inflicted injury.

Pension payments to a recipient because of disability shall continue only so long as such recipient is disabled as herein defined. Any recipient receiving such payments on such basis may be required to submit proof of the continuance of such state of disability once every twelve (12) months and shall submit to an examination by a physician appointed by the Administrator at the Administrator's expense, if requested by the Administrator, once every twelve (12) months for verification of the continuance of such state of disability. Should such recipient refuse to submit to such medical examination within thirty (30) days after being requested to do so by the Administrator, his disability payments shall cease until he submits to such examination. In the event that his refusal continues for one (1) year, his right to disability payments shall cease and terminate absolutely.

Any recipient whose pension disability continues until he has reached the age of sixty-five (65) shall thereafter be regarded as a recipient who has retired on pension at age sixty-five (65) in accordance with Paragraph 1 of this Section.

6. Deferred Vested Pension

a. Any participant whose service with the Company is broken under Article II, Section C, after completing five (5) years or more of continuous service, who is not eligible for any of the other Pension Benefits provided herein, as of the date the participant's continuous service is broken, shall be entitled to a pension payable at age sixty-five (65) in an amount computed in accordance with the provisions of Paragraph 1 of Section E of this Article, but based only on continuous service up to the time of such break in

service and on average monthly compensation during the bi-weekly pay periods (as set forth in Section E.1.b. of this Article II) of such participant's continuous service prior to such break in service.

b. Any participant who has satisfied the service requirements for a pension under Paragraph 2 or 4 of this Section A, but is separated from the service of the Company before satisfying the age requirements for such a pension, shall be entitled, upon satisfaction of such age requirement, to receive a pension in the amount specified by the applicable paragraph and by Section E of this Article, reduced actuarially for the difference between a pension payable at age sixty-five (65) and the age at which pension payments under this Paragraph actually commence; and stated in terms of a percentage taken as shown on the following table:

<u>Age at Retirement</u>	<u>Percentage</u>
60	63.89
61	69.50
62	75.79
63	82.88
64	90.90
65	100.00

It is understood that the percentages shown above may be revised from time to time by actuaries employed by the Administrator. In applying the table, the proper percentage factor is to be determined by linear interpolation for a recipient's age, counting complete months at the time of early retirement. Such pension shall be in lieu of the pension provided under the preceding Subparagraph a of this Paragraph 6.

B. APPLICATIONS

Each participant, recipient, or beneficiary desirous of obtaining a pension shall make application therefor in writing to the Pension Administrator on a form provided by the Administrator. Each applicant shall be required to supply to the Pension Administrator such proof as to his eligibility for pension payments as the Administrator may reasonably require. In cases involving applications for Permanent and Total Disability Pensions, the Pension Administrator may request the applicant to submit to medical examinations by a physician or physicians designated by the Pension Administrator. No action will be taken in respect of his application until the applicant submits to such examination or examinations. Except as hereinafter provided, no pension shall be effective for any participant prior to the date of his application for a pension. Where the applicant submits to examination(s) requested by the Administrator and such examination(s) is made within thirty (30) days from date of request for examination(s), the pension, if granted, shall be effective the first of the month following the month of application.

If the examination cannot be made within the thirty (30) days from date of request for such examination because of the unavailability of the physician, the pension shall become effective the first of the month following the month of application, providing the applicant establishes his eligibility for Permanent and Total Disability Pension as provided herein.

If the applicant fails to submit to an examination requested by the Administrator within thirty (30) days from date of such request for examination(s), the pension shall not become effective until the first of the month following the month the

applicant submits to such examination(s).

Eligibility for any benefit under this Agreement shall be established as of the date that a participant ceases to accrue continuous service.

No participant who meets the eligibility requirements for an immediate or Deferred Vested Pension at the time his continuous service is broken shall forfeit any pension because of failure to apply for such pension at the earliest time which would cause such pension to commence, provided that no participant shall receive retroactive pension payments for any period prior to age sixty-five (65). No surviving spouse who is eligible for a Survivor's Pension under Article III, Sections C, D, and E and Article IV, Section B, shall forfeit any pension.

C. COMPUTATION OF CONTINUOUS SERVICE

The continuous service of a participant or recipient attributable to any period prior to January 1, 1976, shall be determined under the original 1974 Pension Agreement or any prior Pension Agreement in effect at the time such recipient retired, without regard to amendments made by the 1976 Supplement to the 1974 Pension Agreement. For all service on or after January 1, 1976, the following provisions shall apply.

Except as otherwise provided, the continuous service of any participant for determining his eligibility for and the amount of any Pension Benefit hereunder shall be the time from the first employment of said participant by the Company until the time of his voluntary retirement, except that such continuous service shall be broken and credit for previous service lost by:

1. Voluntarily quitting the service of the Company. (An unauthorized absence of seven (7) consecutive scheduled working days shall be considered a voluntary quit. Absence for military or naval service, other than temporary training programs of the State Guard or Reserve Forces, shall be considered a voluntary quit, unless otherwise provided by law or by the applicable collective bargaining agreement.)

2. Discharge for proper cause from the service of the Company.

3. a. Layoff for a continuous period of time as produces a break in his accumulated continuous service record under the Basic Labor Agreement in effect at the time of a layoff but not to exceed a continuous period of two (2) years.

b. Any active employee as of January 1, 2006, whose continuous service was broken while laid off for physical disability or due to reduction in force after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, or 1993 Basic Labor Agreement shall have his continuous service adjusted so that his continuous service, as of January 1, 2006, shall be increased by the excess, if any, of his layoff over two (2) years, up to a maximum increase of three (3) years including service bridged under prior Pension Agreements. Any employee on layoff for reduction in force or physical disability who returns to work after January 1, 2006, whose continuous service was broken while laid off due to physical disability after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, or 1993 Basic Labor Agreement shall, after the date of the employee's return to work, have his continuous service

adjusted so that his continuous service, after the date of his return to work, shall be increased by the excess, if any, of his layoff over two (2) years, up to a maximum increase of three (3) years including service bridged under prior Pension Agreements.

c. A break in continuous service shall not occur during a layoff because of physical disability resulting from an injury or disease for which Workers' Compensation Benefits are payable, provided the participant returns to work within thirty (30) calendar days after the end of the period for which Total Disability Benefits are payable and provided the total continuous period of his absence from work does not exceed five (5) years. A participant who receives Workers' Compensation Total Disability Benefits for the entire five (5)-year period or who retires from disability while receiving Workers' Compensation Total Disability Benefits within the five (5)-year period shall receive credit for continuous service until the earlier of the termination of the five (5)-year period or retirement. Any laid off participant who has extended recall rights as provided in Article VIII, Section H, of the then current Basic Labor Agreement may make an application for a pension during the period in which he has such extended recall rights; provided, however, that if the President, Vice President, Financial Secretary, Treasurer, or Recording Secretary of any Local Union who has been or is an employee of the Company and has been or may hereafter be given a leave of absence on the condition stated in Article VIII of the then current Basic Labor Agreement, such leave of absence shall not constitute a break in such a participant's record of continuous service for the purpose of this Pension Agreement.

d. The adjustment of a participant's continuous service under Subparagraphs a., b., or c. above shall not result in duplicating credit for continuous service for the same period of layoff.

The continuous service of any participant for determining his eligibility for a Deferred Vested Pension under Section A, Paragraph 6, of this Article II shall be the time from the first employment of said participant by the Company until the time his continuous service is broken, except as provided above in regard to the accumulation of continuous service by Union officers who have been granted leaves of absence.

If any recipient receiving Pension Benefits for disability shall, upon termination of such disability, be reemployed by the Company, his absence from actual employment because of such disability shall not constitute a break in his continuous service nor cause a loss of credit for his previous service, but his time of absence because of such disability, if in excess of such continuous period of time as produces a break in his service record under the Basic Labor Agreement in effect at the time of a layoff, shall be excluded in computing his continuous service for the purpose of any subsequent Pension Benefits to which he may become entitled.

If a participant who has an hour of service on or after January 1, 1989, whose continuous service has been broken on or after January 1, 1989, before completing five (5) years of service and who, as of January 1, 2006, has not lost credit for such service under the terms of a prior Pension Agreement returns to active service, credit for prior continuous service shall be restored when such participant completes one (1) year of service following his return to active

service, unless the number of consecutive one (1)-year breaks in service equals or exceeds five (5); provided that, if a participant returns to active service from layoff within the extended recall period provided in Article VIII, Section H, of the Basic Labor Agreement, credit for prior continuous service will be restored immediately upon his return to active service, and he will not be required to complete one (1) year of service following his return to active service to have such credit restored, but the participant will receive credit for service for not more than two (2) years of the layoff period.

If a participant eligible to receive a Deferred Vested Pension under Paragraph 6, Section A, of this Article II returns to active service, credit for prior continuous service shall be restored when such participant completes one (1) year of service following his return to active service.

The continuous service of a participant shall, in all cases, be his number of full years of such service and any additional fractions of years computed to the nearest 1/12 in applying this factor as a multiplier in computing the amount of a monthly pension under Paragraph 1 of Section E hereof. Provided that, in the year in which a participant's continuous service is broken by voluntary quitting or discharge, the participant shall be credited with a full year of service if the participant has completed one thousand (1000) hours of service between the last anniversary date of his first employment by the Company and the date of such quitting or discharge (including both the anniversary date and the date of quitting or discharge in such calculation).

For the purposes of (1) credit for service for the year in which a participant's continuous

service is broken by voluntary quitting or discharge or (2) the restoration of credit for prior continuous service when a participant returns to active service after his extended recall period has expired:

a. The term "one (1) year break in service" means a twelve (12)-month period, which shall be the vesting computation period, during which the participant has not completed more than five hundred (500) hours of service.

b. The term "year of service" means either (1) the twelve (12)-month period beginning on the date employment commenced upon return to active service or (2) any calendar year beginning after the date such employment commenced, during which a participant has completed one thousand (1000) hours of service.

c. The term "hour of service" means each hour (1) for which a participant is paid, or entitled to payment for the performance of duties, for the Company or for which he is paid, or entitled to payment, by the Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence, (2) for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company, or (3) for which a participant is credited pursuant to Sections 410(a)(5)(E) and 411(a)(6)(E) of the Internal Revenue Code, solely for the purpose of determining whether a one (1) year break in service has occurred. Hours of service shall be determined by dividing the payments received or due for reasons other than the performance of duties by the lesser of (i) the participant's most

recent hourly rate of compensation for the performance of duties or (ii) the participant's average hourly rate of compensation for the performance of duties for the most recent computation period in which the participant completed more than five hundred (500) hours of service. Hours of service shall be computed and credited in accordance with Department of Labor Regulation 2530.200(b). In the case of a participant who is absent from work for any period by reason of:

- (1) the pregnancy of the participant;
- (2) the birth of a child of the participant;
- (3) the placement of a child with the participant in connection with the adoption of such child by such participant; or
- (4) caring for such child for a period beginning immediately following such birth or placement,

this Agreement shall treat as hours or service, solely for purposes of determining whether a one (1) year break in service has occurred, the hours of service which otherwise would normally have been credited to such participant but for such absence or, in any case in which the Plan Administrator is unable to determine said hours, eight (8) hours of service per day of such absence, except that the total number of hours treated as hours of service by reason of any such pregnancy or placement shall not exceed five hundred one (501) hours. These hours shall be treated as hours of service only in the Plan Year in which the absence from work begins, if a participant would be prevented from incurring a one (1) year break in service in such Plan Year solely because periods of absence are treated as hours of service or, in any other case, in the

immediately following Plan Year. Solely for the purposes of determining whether a break in continuous service for participation and vesting purposes has occurred in a Plan Year, a participant who is absent from work because of a leave of absence under the Family and Medical Leave Act shall receive credit for the Hours of Service which would otherwise have been credited to such participant but for such absence, or in any case in which such hours cannot be determined, eight (8) Hours of Service per day of such absence. No more than five hundred one (501) hours are required to be credited to a participant on a leave under the Family and Medical Leave Act. A participant whose leave under the Family and Medical Leave Act is for the maternity or paternity reasons set forth above, cannot receive credit for Hours of Service under both this provision and Sections 410 (a) (5) (E) and 411 (a) (6) (E) of the Internal Revenue Code for the same period of time.

d. The "vesting computation period", for purposes of determining the continuous service of any participant, means a twelve (12) consecutive-month period, starting from the date of hire by the Company and anniversaries of that date, or any twelve (12) consecutive-month period following a one (1) year break in service and beginning on the date the participant first rendered service following the one (1) year break in service and anniversaries of that date, during which he is credited with one thousand (1000) or more hours of service.

Part-time service rendered by part-time employees shall not be included in the computation of continuous service; provided that, any employee who completes one thousand (1000) hours of service in any year of service shall not

be considered to be a part-time employee.

For purposes of this Agreement only, a participant's continuous service shall include service with employers who are related to the Company, including members of a controlled group of corporations or commonly controlled trades or businesses (as defined in Sections 414(b) and (c) of the Internal Revenue Code, as modified by Section 415(h) of the Code) or affiliated service groups (as defined in Section 414(m) of the Internal Revenue Code) of which the Company is a part, and service which the participant may have as a leased employee (as defined in Section 414(n) of the Internal Revenue Code) with the Company or any related employer. The crediting of continuous service shall not result in a duplication of benefits under this Plan and any other retirement plan sponsored by the Company or any related employer.

It is expressly understood, however, that this Agreement shall not, in any way, affect, increase, or decrease the right of any employee to employment or the right of the Company to make layoffs or to enforce proper discharges.

D. SPECIAL RETIREMENT PAYMENT

There shall be paid to each eligible recipient upon retirement under the Pension Plan, except to those becoming entitled to a Disability Pension or a Deferred Vested Pension under the preceding Paragraphs 5 and 6, respectively, of Section A, a special retirement payment from the Pension Fund in an amount determined by multiplying the recipient's average straight-time hourly rate during his last two (2) completed pay periods prior to his retirement by the appropriate hours shown below as applicable to each recipient:

Years of Continuous Service on Date of Retirement	Multiplying Hours
5 years to 18 years	400
18 years and over	360

Regular monthly pension payments as determined under Section A, Paragraphs 1, 2, 3, or 4, whichever is applicable, will commence with the month following the three (3) months for which such special retirement payment is paid.

E. AMOUNT OF PENSION PAYMENTS

1. The amount of the monthly pension payments to each recipient qualifying for Pension Benefits under Section A, Paragraphs 1, 3, 4, 5, or 6, of this Article shall be as follows:

a. The greater of (1) or (2) below:

(1) (a) For a recipient with less than thirty (30) years of continuous service, an amount equal to 1.165% of his final average earnings multiplied by his total years of continuous service.

(b) For a recipient with thirty (30) years but less than thirty-five (35) years of continuous service, an amount equal to 1.2% of his final average earnings multiplied by his total years of continuous service.

(c) For a recipient with thirty-five (35) or more years of continuous service, an amount equal to 1.265% of his final average earnings multiplied by his total years of continuous service.

(2) (a) For a recipient with less than thirty (30) years of continuous service, an amount equal to the product of \$56.25 multiplied by his years of continuous service up to thirty (30) years.

(b) For a recipient with thirty (30) or more years of continuous service, \$1687.50 plus an amount equal to the product of \$75 multiplied by his years of continuous service in excess of thirty (30) years.

b. Final average earnings shall be computed as follows:

(1) For a recipient with at least ten (10) calendar years of pay periods, the last ten (10) calendar years plus the final year of the recipient's continuous service prior to his termination shall be selected. The five (5) consecutive calendar years which will produce the highest final average earnings will be selected, and the total amount paid in such five (5) consecutive calendar years will be divided by sixty (60).

(2) For a recipient with more than five (5) but less than ten (10) calendar years of pay periods, the five (5) consecutive calendar years which will produce the highest final average earnings will be selected, and the total amount paid in such five (5) consecutive calendar years will be divided by sixty (60).

(3) For a recipient with less than five (5) calendar years of pay periods, the total amount paid in such complete calendar years and the final calendar year will be divided by the number of calendar months of service during such complete calendar years and the final calendar year.

(4) Any earnings during the final calendar year of employment will be excluded, unless it is one of the five (5) highest consecutive calendar years, or unless the recipient has less than five (5) calendar years of pay periods.

In making such calculations, vacation pay, holiday pay, Weekly Benefits paid under the Supplemental Unemployment Benefit Agreement, and the cost-of-living adjustments, payable under the prior Basic Labor Agreements, which have been incorporated into the base hourly rates and additives, shall be included; but any further cost-of-living adjustment paid under the 2005 Basic Labor Agreement or incorporated into the base rates and additives shall be excluded. Such calculations shall not exclude the cost-of-living adjustments paid under the 2005 Basic Labor Agreement and prior Basic Labor Agreements.

c. In computing the amount of regular pension of a recipient who, during all or any part of the calendar years, described in Section E.1.b. above, was on leave of absence from the Company pursuant to the terms of any Basic Labor Agreement comparable to Section Q of Article VIII of the 2005 Basic Labor Agreement, his final average earnings for each month during any such leave of absence shall, for the purpose of computing his pension, only be adjusted so as to be fairly representative of his normal earnings had he not been so absent. For a recipient who was not on such a leave of absence but who was absent from time to time from the Company for the purpose of working for the Local Union or the International Union in handling Local Union affairs, or International Union affairs, as the case may be, his final average earnings during such time or times of absence shall, for the purpose of computing the amount of his regular pension, be adjusted to include any amounts paid by the Local Union or the International Union as compensation, as evidenced by a W-2 tax form or forms covering the year or years including such time or times.

d. A recipient qualifying for Pension Benefits under Section A.3. or Section A.5.a. hereof shall, in addition to the amount of Pension Benefits

referred to above, be entitled to a Supplementary Pension Benefit of \$400 per month for each month he receives a regular monthly pension payment until he reaches age sixty-two (62) or until he shall be or become, or would upon proper application and diligent prosecution become, entitled to unreduced Old-Age or Disability Benefits provided by the Federal Social Security System, if earlier than age sixty-two (62); provided, however, that a recipient who is receiving a pension under Paragraph 3.a.(2) of Section A shall not be entitled to a Supplementary Pension Benefit during such time that he is engaged in employment, the earnings from which equal or exceed \$2590 per month. The Company may require such proof of earnings as it may deem reasonably necessary to establish a recipient's right to a Supplementary Pension Benefit.

e. A recipient qualifying for Pension Benefits under Section A.4.b. of this Article shall receive a monthly pension payment based upon the recipient's irrevocable one-time election at retirement to receive either the amount that he would be entitled to under Section E.1.a. or the amount set forth in the following table:

<u>Age</u>	<u>Limitation Dollar Amount</u>
Less than 55	0
55-58	\$1200
59-61	\$1400
62-64	\$1750
65 and older	\$2000

f. A recipient qualifying for Pension Benefits under Section A.4.a. or b. of this Article II hereof, who makes the irrevocable one-time election at retirement to receive benefits under Section E.1.a., and who meets the additional requirements set forth in this Paragraph, shall, in addition to the amount of

Pension Benefits referred to above, be entitled to a Special Pension Benefit for each month he receives a regular monthly pension payment until the later of (1) the month for which the twelfth payment is made or (2) the month in which such recipient becomes eligible for a Social Security Benefit which is equal to eighty percent (80%) of the benefit he would be entitled to under the Federal Social Security System at his Social Security Retirement Age, pursuant to the law in effect as of the effective date of the Agreement; provided, however, that no payment will be made for any month following the month in which the recipient dies.

(1) To qualify for the Special Pension Benefit, a recipient must: (a) be accruing continuous service as of January 1, 2006; (b) be eligible for an immediate pension under Section A.4.a. or b.; and (c) have made the irrevocable one-time election at retirement to receive benefits under Section E.1.a.

(2) The amount of the Special Pension Benefit per month will be the greater of (a) the difference between \$1500 and the recipient's monthly pension or (b) \$400.

g. A recipient qualifying for immediate Pension Benefits under Section A.4. of this Article II hereof, and who is accruing continuous service as of January 1, 2006, retires during the term of this Agreement and who does not elect to receive benefits under the table set forth in Section E.1.e., shall, in addition to the amount of Pension Benefits referred to above, be entitled to a Special Pension Supplement for each month he receives a regular monthly pension payment commencing with the month following the month in which such recipient attains eligibility for a Social Security Benefit which is equal to eighty percent (80%) of

the benefit he would be entitled to under the Federal Social Security System at his Social Security Retirement Age, pursuant to the law in effect as of the effective date of the Agreement; provided, however, that no payment will be made for any month following the month in which the recipient dies. The amount of the Special Pension Supplement per month will be the difference between \$1000 and the recipient's monthly pension.

2. The amount of the monthly pension payments to a recipient qualifying for Pension Benefits under Section A.2. shall be computed under Section E, Paragraph 1 above, but reduced to its equivalent actuarial value determined by reference to mortality tables and interest rates and stated in terms of a percentage taken as shown on the following table:

<u>Age at Retirement</u>	<u>Percentage</u>
60	84.28
61	91.69
62	100.00

It is understood that such mortality tables and/or interest rates and the percentages shown above may be revised from time to time by actuaries employed by the Administrator. In applying the table, the proper percentage factor is to be determined by linear interpolation for a recipient's age, counting completed months at the time of early retirement.

3. The amount of the monthly pension to be paid to a recipient shall be reduced by the amount payable for the corresponding period to which said recipient may be or become, or upon proper application and diligent prosecution would become, entitled under the Workers' Compensation Law of any state. Provided, however, that fixed statutory payments made under

the Workers' Compensation Law of any state for the loss of a bodily member or payments for impairment of earning capacity or for permanent physical impairment, as such phrases are used in Paragraphs A and B of Section 4123.57 of the Revised Code of Ohio as now in effect or as hereafter amended, shall not be used to reduce the pension payments to any recipient hereunder. If any recipient shall receive a lump sum payment in settlement of a claim under the Workers' Compensation Law of any state, for which a reduction in payments hereunder is provided by this Paragraph 3 (other than a payment in compromise and settlement of a disputed claim), pension payments under this Agreement shall be withheld until the amount so withheld shall equal the amount of said lump sum settlement. Notwithstanding the foregoing, any Permanent and Total Disability Pension Benefits payable under Section A, Paragraph 5.a., of this Article II prior to age sixty-five (65) shall not be reduced by any payments made under the Workers' Compensation Law.

The amount of any deductions under this Paragraph shall be the net payable to the recipient after allowing for reasonable attorney's fees and medical expenses incurred by him in prosecuting his claim for such benefits, and fixed statutory payments for one hundred percent (100%) loss of use of a bodily member shall no longer be used to reduce pension payments.

If any recipient shall receive any such payments attributable to a period or periods for which he has already been paid a monthly pension unreduced by such amounts, he shall refund the amount of such benefits so received to the Administrator of the Pension Fund and in default thereof the part of the monthly pension of such recipient payable by the Administrator may be withheld until the amount so withheld shall equal

the amount which said recipient is obligated by this Paragraph to refund to the Pension Fund.

Nothing contained in this Paragraph 3 nor in the following Paragraph 4 shall be construed to require the reduction of any benefits payable under this Agreement because of any pension granted to a recipient for or on account of his military service.

4. The amount of the monthly pension to be paid to each recipient out of the Pension Fund heretofore or hereafter established by the Company shall also be reduced by the amount of any other pension or Old-Age or Disability Benefit, other than benefits payable under Title II of the Federal Social Security Act, payable for the corresponding period out of a fund or source to which the Company has directly or indirectly contributed, including Old-Age Benefits provided by any other present or future law of the United States or any state or subdivision thereof, to which said recipient may be or become, or upon proper application and diligent prosecution would become, entitled, and also by any payment in the nature of a dismissal allowance or severance pay to be paid upon separation from the Company payroll under any Company plan or by reason of any present or future law, as the same may be amended from time to time; provided, however, that if said recipient shall have contributed to the source or fund out of which such other pension or Old-Age or Disability Benefits are payable, the monthly pension payable out of the Company-established Pension Fund shall not be reduced by the amount of such other pension or Old-Age or Disability Benefits attributable to said recipient's contributions.

5. The amount of the monthly pension to be paid to a recipient shall be reduced by the amount of any benefits to which a participant may be enti-

tled by reason of participation in any other defined benefit pension plan sponsored by the Company.

6. a. The pensions to be paid as herein provided shall be paid to each recipient monthly, at such times and in such manner as shall be determined by the Administrator of the Pension Fund. Subject to filing of an application as required and to approval thereof by the Administrator, or in the event of an arbitration proceeding, subject to decision by the arbitrator in favor of the recipient, the first monthly payment shall be payable during and for the month next following the month in which said recipient retired or became totally and permanently disabled; and the last monthly payment shall be made to said recipient's spouse or personal representative for the month in which the death of said recipient shall occur. In any event, unless the recipient otherwise elects, the payment of benefits to a recipient shall begin not later than the 60th day after the latest of the close of the year in which (a) the recipient attains age sixty-five (65), (b) the recipient completes ten (10) years of continuous service, or (c) the recipient terminates his service with the Company. The election to postpone the payment of benefits beyond the time specified above shall be made by submitting to the Administrator a written statement, signed by the recipient, which describes the benefit and the date on which the payment of such benefit shall commence. Such an election may not be made if the exercise of such election will cause benefits payable under this Agreement in the event of the death of the recipient to be more than incidental.

b. Notwithstanding the foregoing provisions, in no event shall payment of benefits be deferred beyond April 1, of the calendar year fol-

lowing the calendar year in which the recipient attains age seventy and one-half (70-1/2). If distributions are required to be made under this Paragraph 6.b., monthly pension payments shall be made to the recipient in the form of a Joint and Survivor Pension under Article IV, Section B, unless the recipient and the recipient's spouse, if any, elect another form of benefit. All distributions required under this Paragraph 6.b. shall be determined and made in accordance with the regulations under Section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirements of Section 1.401(a)(9)-2 of the regulations. The requirements of this Paragraph 6.b. shall apply to any distribution of a recipient's or beneficiary's interest and will take precedence over any inconsistent provision of this Agreement, provided that the requirements of this Paragraph 6.b. shall not enlarge the distribution options currently available to recipients and beneficiaries under the provisions of Articles III and IV of this Agreement.

7. All pension payments will be made to recipients only at addresses within the United States or any territory thereof; and in the event any recipient shall qualify for a pension while residing or sojourning outside the United States, or while entitled to receive a pension shall leave the United States, the Administrator shall withhold his pension payments until they can be made to him or to his properly designated agent within the United States.

8. It is expressly understood and agreed that no participant or recipient shall have any claim to or upon, or any vested right or interest or equity in, any part of the Pension Fund to be established by the Company, except as in this Agreement expressly provided, and that if any participant shall voluntarily quit the employ of the Company or be discharged by

the Company without becoming eligible for a pension herein provided to be paid out of the Company-established Pension Fund, or shall die either before or after becoming eligible for said pension, neither he nor any other person on his behalf shall have any claim, right, interest, or equity in or to any payment whatever out of said Pension Fund, except as otherwise provided in regard to the last monthly payment in Paragraphs 6 and 9 of this Section and except as rights are provided for beneficiaries in Article III or IV of this Agreement. It is understood, however, that the pensions payable under Paragraphs 1, 2, 3, and 4 of Section A of this Article II shall continue for the duration of the natural life of the recipient or for the natural life of any beneficiary for whom benefits are provided in Article III or IV of this Agreement, and that no pension payable under this Agreement shall be reduced or discontinued, except as provided in Paragraph 5 of Section A of this Article II, in Paragraphs 3, 4, and 5 of Section E of this Article II, in Section B of Article III, Section A, Paragraph 2.D. of Article IV, and in Section E of Article V.

9. a. Except as provided in Paragraph 10 of this Section, the Pension Benefits herein provided to be paid shall be paid only to the recipient or to a beneficiary for whom payments are provided as provided in Article III or IV of this Agreement, except that the last monthly payment for the month in which the death of a recipient occurs may be made to the spouse or personal representative of the recipient; and no Pension Benefits herein provided nor any part thereof shall be anticipated, assigned, or otherwise encumbered, nor be subject to attachment or garnishment prior to the actual payment and delivery of each monthly amount to said recipient and any

attempted assignment or other encumbrance or attachment or garnishment shall be absolutely null and void, provided that, to the extent permitted by law, a recipient may authorize, in writing, the deduction of an amount from any monthly pension to which he is entitled, for the payment of premiums for insurance coverage being provided for such recipient and his dependents under any Insurance Agreement between the Company and the Union, or for the recovery of any overpayments of Insurance and Supplemental Unemployment Benefits which he may have received.

b. Notwithstanding any other provisions of this Agreement, the Administrator during the term of any Basic Labor Agreement applicable to participants covered by this Agreement, will deduct, from any monthly payment due a recipient, monthly dues as designated by the International Treasurer of the Union, as membership dues of the Steelworkers Organization of Active Retirees (hereinafter SOAR) and United Steelworkers of America Political Action Committee (hereinafter USWA PAC) voluntary contributions, on the basis of individually signed voluntary checkoff authorization cards in a form agreed to, in writing, by the Administrator and the Union. SOAR dues shall be promptly remitted to the International Treasurer of the Union at the address which he authorizes for this purpose and USWA PAC contributions shall be promptly remitted to the Treasurer of the USWA PAC at the address which he authorizes for this purpose. This Paragraph is further subject to all of the conditions prescribed in Article II, Sections J, K, L, and M, of the Basic Labor Agreement.

10. If a qualified domestic relations order requires the payment of benefits to a party other than the participant prior to the time the participant begins receiving benefits, the actuarial

equivalent amount of such payments made prior to retirement shall be offset against the participant's benefits at the time benefits become payable to him until such time as the total actuarial equivalent amount of payments made prior to retirement is offset.

For purposes of this provision, the actuarial equivalent amount will be determined based on the Pension Benefits Guaranty Corporation's interest rate to value immediate annuities in effect as of the first day of the plan year in which the payments to the other party begin.

A qualified domestic relations order cannot require the Administrator to provide any type or form of benefit, nor any option, not otherwise provided under this Agreement; it cannot require the Administrator to provide increased benefits (determined on the basis of actuarial value); and it cannot require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order. Where, because of a qualified domestic relations order, more than one (1) individual is to be treated as a surviving spouse under Article III or Article IV, the total amount to be paid to such individuals cannot exceed the amount that would be paid if there were only one (1) surviving spouse under Article III or Article IV.

11. The Company will make a lump-sum payment to a participant or beneficiary, as the case may be, which shall be the equivalent actuarial present value of the regular pension, after deductions, otherwise payable if the equivalent actuarial present value is not more than \$1000 March 28, 2005. Such lump sum payment to a participant will be made one (1) year after the later of the participant's break in continuous

service or the expiration of all the participant's recall rights. Such lump sum payment to a beneficiary will be made as soon as administratively feasible. The present actuarial value shall be calculated by using the applicable mortality table described in Section 417(e) of the Internal Revenue Code and the applicable interest rate determined in January of each plan year, which shall be applicable for all lump-sum distributions made during the plan year, and shall be the thirty (30)-year Treasury rate specified for October of the prior plan year. The present value of a lump-sum distribution shall not be greater than the maximum benefit amount permitted under Article II, Section E, Paragraph 16, of this Agreement. The appropriate tax withholdings will be made, unless the participant instructs the Company, pursuant to procedures to be implemented by the Company, to roll over directly his eligible rollover distribution to an eligible retirement plan. A direct rollover is a payment by the Plan to an eligible retirement plan. An eligible rollover distribution is any distribution of all or any portion of the benefit to the credit of the participant, except that an eligible rollover distribution does not include (a) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the participant or the joint lives of (or joint life expectancies) of the participant and the participant's designated beneficiary, or for a specified period of ten (10) years or more; and (b) any distribution to the extent such distribution is required under Section 401(a)(9) of the Internal Revenue Code. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Internal Revenue Code, an individual retirement annuity described in Section 408(b) of the Internal Revenue Code, an annuity plan

described in Section 403(a) of the Internal Revenue Code, an annuity contract described in Section 403(b) of the Internal Revenue Code, an eligible deferred compensation plan described in Section 457(b) of the Internal Revenue Code, or a qualified trust described in Section 401(a) of the Internal Revenue Code, that accepts the participant's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity. For purposes of this provision, a participant includes an employee or former employee, a participant's surviving spouse, and a participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Internal Revenue Code.

12. In the event the Pension Plan merges or consolidates with another plan, or transfers assets or liabilities to any other plan, each participant in the Plan shall (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

13. Participants entitled to retirement units under the 1968 Retirement and Vacation Benefit Agreement and extensions thereof as of December 31, 1983, who thereafter may become eligible for Supplemental Retirement Pay in accordance with the provisions of Article III of the 1968 Retirement and Vacation Benefit Agreement shall receive such pay at the time and in the amount as set forth in said Article III.

14. Any recipient who has applied for and receives a pension under any one of Paragraphs 1, 2, 3, or 4 of Article II, Section A, shall not be eligible for any other type of pension, unless such recipient is subsequently reemployed by the Company, in which case he may qualify for a pension subject to all the conditions prescribed in Paragraphs 1, 2, 3, or 4 of Article II, Section A; provided, however, for the purpose of determining his eligibility for a further pension, his continuous service prior to his first retirement shall be added to his continuous service subsequent to his reemployment. Any recipient so reemployed after retirement whose employment is thereafter terminated for any reason shall be entitled immediately on such termination of employment to the pension for which he qualifies calculated on the basis of his continuous service, average gross earnings, and average monthly compensation as of the date his employment is finally terminated.

15. Upon the termination or partial termination of the Pension Plan, the rights of each affected participant to benefits accrued to the date of such termination or partial termination, to the extent funded, are non-forfeitable.

16. Notwithstanding any other provisions of this Agreement, the maximum yearly Pension Benefit of a recipient may not, at any time within the limitation year (which shall be the calendar year), exceed the maximum permissible amount described in Section 415 of the Internal Revenue Code.

If the benefit a Participant would otherwise accrue for a limitation year produces an annual benefit in excess of the maximum permissible amount, the Participant's annual benefit will be reduced in accordance with Section 415 and

the regulations thereunder so that the Participant's annual benefit equals the maximum amount payable under Section 415.

17. The compensation of any participant that may be taken into account in determining benefits on behalf of any participant shall not exceed \$210,000 for a Plan Year or, if greater, the dollar limitation in effect under Section 401(a)(17) of the Internal Revenue Code.

18. a. A participant who is reemployed by the Company pursuant to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 shall be treated as not having incurred a break in service with the Company by reason of such participant's period or periods of service in the armed forces of the United States. Each period served by a participant in the armed forces shall, upon reemployment, be deemed to constitute service with the Company for purposes of determining the non-forfeiture of benefits and the accrual of benefits under the Plan.

b. The Company upon reemploying a participant with respect to a period of service with the armed forces shall fund any obligation of the Plan to provide benefits for the participant in the same manner and to the same extent the allocation occurs for other participants during the period of service. For purposes of determining any obligation of the Plan, earnings and forfeitures shall not be included.

c. For purposes of computing the Company's liability to fund, the participant's earnings during the period of service in the armed forces shall be computed at the rate the participant would have received, but for the period of service in the armed forces, or, in the case that the

determination of such rate is not reasonably certain, on the basis of the participant's average earnings during the twelve (12) month period immediately preceding such period of service in the armed forces, or, if shorter, the period of employment immediately preceding such period.

**ARTICLE III -
PRE-RETIREMENT SPOUSE'S BENEFIT**

A. For the purpose of this Article, an active participant is one who has unbroken continuous service at the time of his death. Except as otherwise provided in a qualified domestic relations order, a surviving spouse of an active participant must have been married to the participant on the date of death, and such marriage must have been performed before proper civil or religious authority, or the participant must have submitted proof of a common law marriage occurring prior to October 10, 1991, to the Administrator prior to the participant's death and such proof must be consistent with other declarations made by the participant to the Company concerning the participant's marital status. A surviving spouse must apply for the benefits payable under this Article III.

B. 1. Any participant who has completed at least fifteen (15) years of continuous service, shall have the Pension Benefits to which the participant may become entitled under Paragraphs 2, 3, 4, 5, or 6 of Section A of Article II, with the spouse of the participant as joint pensioner, under Section A, Paragraph 2.A., of Article IV. If such a participant dies before retirement, the surviving spouse of the participant will be entitled to a Pre-Retirement Survivor's Pension equal to the greater of:

a. one half (1/2) of the amount of the

normal pension which would have been payable if the deceased active participant was eligible for and had retired on normal pension under Article II, Section A, Paragraph 1, on the date of his death or

b. \$200.

2. A participant who has attained age sixty-five (65) and whose continuous service has not been broken shall be deemed to have such Pre-Retirement Survivor's Pension, unless the participant and the participant's spouse revoke such coverage in writing.

C. 1. A Pre-Retirement Survivor's Pension shall be paid to the surviving spouse of an active participant who dies after completing five (5) years of continuous service and who is not eligible for the benefit described in Section B of this Article III.

2. The amount of the monthly Pre-Retirement Survivor's Pension payable to an eligible surviving spouse shall be the Survivor's Pension under Article IV, Section A, computed as if the participant had retired on the day prior to death with the most favorable pension for which he was then eligible, or in the case of a participant who died prior to attainment of his earliest retirement age, as though he had attained his earliest retirement age on the day before the date of his death.

3. Provided that the spouse survives to the date of commencement of benefits, the first installment of the amount payable to the participant's spouse pursuant to this Section D of Article III shall be payable for the month next following the month (a) in which the participant's death

occurs or (b) if later, the month in which the participant would have attained his earliest retirement eligibility, and the last installment shall be payable for the month in which the spouse's death occurs.

D. 1. A Pre-Retirement Survivor's Pension shall be paid to the surviving spouse of a participant who dies with eligibility for a Deferred Vested Pension. The surviving spouse must have been married to the participant on the date of death.

2. The amount of the monthly Pre-Retirement Survivor's Pension payable to an eligible surviving spouse shall be the Survivor's Pension under Article IV, Section B, computed as if the participant had retired on the day prior to death with the most favorable pension for which he was then eligible, or in the case of a participant who died prior to attainment of his earliest retirement age, as though he had attained his earliest retirement age on the day before the date of his death.

3. If a participant eligible for a Deferred Vested Pension and the participant's spouse had not waived the Pre-Retirement Survivor's Pension under this Section D in prior Pension Agreements, the actuarial adjustments and adverse selection changes associated with the Pre-Retirement Survivor's Pension shall be eliminated and the full Pension Benefit restored for participants retiring on or after January 1, 2006.

4. Provided that the spouse survives to the date of commencement of benefits, the first installment of the amount payable to the participant's spouse pursuant to this Section D shall be payable for the month next following the month (a) in which the participant's death occurs or (b) if later, the month in which the participant would

have attained his earliest retirement eligibility, and the last installment shall be payable for the month in which the spouse's death occurs.

E. Attached hereto are tables of percentages under Article III which the Administrator will put into effect as of the present time.

ARTICLE IV - POST-RETIREMENT JOINT AND SURVIVOR PENSIONS

A. TYPES OF JOINT AND SURVIVOR PENSIONS

1. Subject to the provisions of this Article IV, a recipient may elect to have a reduced pension paid to the recipient during his or her life in order to provide for payments being continued after the recipient's death to the recipient's spouse or to a named beneficiary during the latter's lifetime. Except as otherwise provided by a qualified domestic relations order, a surviving spouse must have been married to the recipient at the date of retirement and the date of death and such marriage must have been performed before proper civil or religious authority, or the recipient must have submitted *proof of a common law marriage* occurring prior to October 10, 1991, to the Administrator prior to the recipient's retirement and such proof must be consistent with other declarations made by the recipient to the Company concerning the recipient's marital status. Only one of the Joint and Survivor's Pensions provided by this Article IV may be elected by any recipient to be effective at any time.

2. The types of Joint and Survivor Pensions which a recipient may elect are as follows:

A. An actuarially reduced pension, computed on the basis of the ages of the recipient and spouse as of the date of retirement, for the life of the recipient, with a Survivor Pension, payable monthly, for the life of the recipient's spouse equal to one half (1/2) of the monthly pension payable to the recipient during his lifetime;

B. Reduced pension for the recipient upon retirement so that the spouse of the recipient after his death may receive a monthly pension equivalent to twenty-five percent (25%), seventy-five percent (75%), or one hundred percent (100%) of the monthly pension paid him during his lifetime;

C. Reduced pension for the recipient upon retirement so that the named beneficiary of the recipient after his death may receive a monthly pension equivalent to twenty-five percent (25%), fifty percent (50%), seventy-five percent (75%), or one hundred percent (100%) of the monthly pension paid to him during his lifetime; provided, however, that a recipient's spouse may not be named beneficiary under this Option; or

D. A pension for the recipient upon retirement, unreduced, except for any applicable actuarial adjustments and the cost of any benefits provided under Article III, so that the surviving spouse may receive a monthly pension equivalent to the greater of one half (1/2) of the amount of the monthly pension which was paid to him during his lifetime excluding therefrom any Supplementary Pension Benefit payable under Article II, Section E, Paragraphs 1.d., e., and f., if applicable, or \$200. A surviving spouse must have been married to the recipient at the date of retirement and the date of death and such marriage must have been performed before proper civil or religious authority, or the recipient must

have submitted proof of a common law marriage to the Administrator prior to the recipient's retirement and such proof must be consistent with other declarations made by the recipient to the Company concerning the recipient's marital status. For purposes of this Option D, a surviving spouse must qualify as a widow or widower according to the requirements of the Federal Social Security Law (except that where said law requires reference to the law of the District of Columbia, the law applicable shall be the law of the State of Ohio). When the surviving spouse first becomes, or upon proper application and diligent prosecution would become, entitled to a Widow's or Widower's Benefit under the Federal Social Security Law, the pension shall thereafter be reduced by fifty percent (50%) of such Widow's or Widower's Social Security Benefits; but the pension shall not be reduced to an amount below \$150 per month. A widow or widower who is not eligible for such Social Security Benefit shall, for purposes of this provision, be deemed to be so eligible.

3. An election or revocation under this Article IV shall be in writing, signed by the recipient on forms provided by the Administrator, and shall specify, among other things, which of such options he thereby elects and shall name the beneficiary of such recipient. Except as otherwise provided herein, such election shall be deemed to be made at the time when it shall be delivered to the Administrator.

4. In the case of any form of Joint and Survivor Pension under this Article IV, the last monthly payment for the recipient shall be payable to said recipient, named beneficiary, or personal representative for the month in which the death of said recipient shall occur; and the

first monthly payment that shall be payable to the beneficiary shall be payable during the month next following the month for which the last payment is made to the recipient who has died, and the last monthly payment shall be payable to the legal representative of such deceased beneficiary for the month in which such beneficiary shall die. A beneficiary must apply for the benefits payable under this Article IV.

5. Anything in this Article IV to the contrary notwithstanding, if after the retirement of a recipient who shall have elected any of the above Joint and Survivor Pensions an event shall occur that would have changed the monthly amount of the net pension that would have been payable to him under this Agreement, if he had not elected such Joint and Survivor Pension, then the reduced amount of the net pension that shall be payable to him pursuant to the Joint and Survivor Pension which he shall have elected and the amount of the payments that shall be made to his surviving spouse or named beneficiary after the death of such recipient shall be adjusted by the Administrator in order to reflect the change.

6. The Administrator shall determine the mortality tables and interest rates to be used in the computations of actuarial equivalents to be made for the purposes of this Article IV in accordance with the advice of an actuary of its election which shall remain in effect during the term of this Agreement.

The tables of percentages which shall be used to calculate the pensions in this Article IV are attached. Using these tables, the pensions payable under this Article shall be calculated in the following manner:

(1) A recipient's monthly pension

amount shall be calculated pursuant to the applicable paragraphs of Section E of Article II.

(2) The monthly pension amount shall then be multiplied by a fraction, the numerator of which is the number of years (in fractions thereof calculated to the nearest month) of the recipient's continuous service prior to August 1, 1983, and the denominator of which is the number of years (in fractions thereof calculated to the nearest month) of the recipient's total continuous service. The resulting product shall then be multiplied by the appropriate percentage under the table applicable to service prior to August 1, 1983.

(3) The monthly pension amount shall then be multiplied by a fraction, the numerator of which is the number of years (in fractions thereof calculated to the nearest month) of the recipient's continuous service on or after August 1, 1983, and the denominator of which is the number of years (in fractions thereof calculated to the nearest month) of the recipient's total continuous service. The resulting product shall then be multiplied by the appropriate percentage under the table applicable to service on or after August 1, 1983.

(4) The sum of the calculations in (2) and (3) shall be the monthly pension payable under this Article.

7. Anything in this Article IV to the contrary notwithstanding, if a recipient returns to the employment of the Company after retirement and accrues additional Pension Benefits, the recipient, regardless of the recipient's age at either retirement, shall have the opportunity at the time of the subsequent retirement to make an election under this Article IV relative to the additional Pension Benefits. If the recipient dies during the

period of reemployment, the additional Pension Benefits will be paid pursuant to the benefit election made by the recipient at the time of his original retirement.

B. JOINT AND SURVIVOR PENSION WITH RECIPIENT'S SPOUSE

1. If a recipient qualifying for the payment of Pension Benefits hereunder is married, as of the date pension payments begin, the recipient will be deemed to elect to have such benefits paid in the form of a Joint and Survivor Pension, with the spouse of the recipient as joint pensioner, under Section A, Paragraph 2.A., of this Article IV (which benefit shall be the statutory qualified joint and survivor annuity); provided that the recipient may revoke such election during a period of ninety (90) days prior to the date pension payments begin (or such other time as may be prescribed by regulations issued pursuant to the Employee Retirement Income Security Act of 1974 or the Retirement Equity Act of 1984) and elect either to take an unreduced pension during his lifetime, with no Survivor's Pension under this Article IV, or to take one of the optional types of Joint and Survivor Pensions described in Section A, Paragraphs 2.B., C., and D., of this Article IV. The Administrator shall provide to each recipient within a reasonable period of time before the date pension payments begin a written explanation of: (a) the terms and conditions of the Joint and Survivor Pension; (b) the recipient's right to make, and the effect of, an election to waive the Joint and Survivor Pension; (c) the rights of the recipient's spouse, and (d) the right to make, and the effect of, a revocation of an election. A revocation under this Section B, Paragraph 1, shall not take effect unless the spouse of the recipient consents in writing to such revocation, and the spouse's

consent acknowledges the effect of such revocation and is witnessed by the Administrator or a notary public and the consent designates an alternate form of benefits, and if applicable, a specific beneficiary who will receive the benefits, which designations may not be changed without spousal consent. The revocation may also take effect if it is established to the satisfaction of the Administrator that the consent required of the spouse may not be obtained because there is no spouse, because the spouse cannot be located, or because of such other circumstances as the Secretary of the Treasury may by regulations prescribe. Any consent by a spouse (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse. A recipient and a recipient's spouse may elect to revoke their decision not to take a qualified Joint and Survivor Benefit or choose again to take a qualified Joint and Survivor Benefit at any time and any number of times within the applicable election period. Any revocation of election of the Joint and Survivor Pension shall be executed on the form prescribed for this purpose by the Administrator and shall be deemed to be duly filed when received by the Administrator.

2. If a recipient qualifying for the payment of Pension Benefits hereunder is not married, the recipient will be deemed to elect to have such benefits paid in the form of a single life annuity, provided that the recipient may revoke such election during a period of ninety (90) days prior to the date pension payments begin (or such other time as may be prescribed by regulations issued pursuant to the Employee Retirement Income Security Act of 1974 or the Retirement Equity Act of 1984) and elect to take one of the optional types of Joint and Survivor Pensions described in

Section A, Paragraph 2.C., of this Article IV. A recipient may elect to revoke his decision not to take a single life annuity at any time and any number of times within the applicable election period. Any revocation or election of a single life annuity shall be executed on the form prescribed for this purpose by the Administrator and shall be deemed to be duly filed when received by the Administrator.

C. OTHER OPTIONAL PENSIONS

1. The amount of the reduced pension, under either Option B or C, of Section A, Paragraph 2, of this Article IV, shall be actuarially determined by the Administrator with advice from actuaries employed by the Administrator. Attached hereto are tables of percentages under Option B and C, respectively, which the Administrator will put into effect as of the present time.

2. In the event that a recipient elects to have payments made under either Option B, C, or D, the first monthly installment, which shall be payable to such recipient, shall be paid commencing with the first month following the month in which the recipient retires and is entitled to a regular monthly pension.

3. Any election of Option C by a recipient may be revoked at any time and any number of times prior to retirement; provided, that any such election made more than ninety (90) days before the commencement of pension payments shall not be effective if the recipient is married at the time he or she qualifies for the immediate payment of a pension, unless the recipient has also made an election, within ninety (90) days prior to the date pension payments commence, not to take the Joint and Survivor Pension under

Section A, Paragraph 2.A., of this Article IV. The revocation of an election shall not, in any case, require the consent of the named beneficiary.

4. If a recipient shall have elected either Option B, C, or D and shall die prior to his retirement from the service of the Company, such election shall cease to be of any effect and the beneficiary named in such election shall not be entitled to any payments under this Agreement, except as provided in Article III.

5. If a recipient shall have elected either Option B, C, or D and the beneficiary named in such election shall die prior to the date the recipient retires, that election of such recipient shall cease to be of any effect.

6. If a recipient shall have elected either Option B, C, or D and the beneficiary named in his election shall die after such recipient shall have retired and become a recipient but prior to the death of such recipient, such recipient shall continue to receive monthly installments in an amount in accordance with such option.

7. If a recipient shall have elected either Option B, C, or D and if, in accordance with the provisions of this Article IV, his election thereof shall have ceased to be of any effect by reason of revocation or otherwise, then he shall be deemed to be in the same position as a recipient who shall not have elected any of such options.

8. If a recipient shall have elected Option A, and the spouse named in his election shall die after such recipient shall have retired and become a recipient, but prior to the death of such recipient, the election shall cease to have any effect on the monthly installments in the month following the death of the spouse.

D. FIVE YEAR CERTAIN BENEFIT

1. Notwithstanding anything contained in this Article IV to the contrary, any recipient who retires on other than a Deferred Vested Pension under Article II, Section A.6., on or after January 1, 2006, will be entitled to receive the benefits described in Paragraph 2 below for a five (5)-year period commencing with the first monthly pension payment under this Agreement. Notwithstanding anything contained in this Article IV to the contrary, the surviving spouse or other co-pensioner of an active participant who dies on or after January 1, 2006, while accruing continuous service with thirty (30) or more years of continuous service as of the date of death, will be entitled to receive the benefits described in Paragraph 3 below for a five (5)-year period commencing with the month after the month of the participant's death.

2. For any month which is prior to both (a) the end of the five (5)-year period described in Paragraph 1 above and (b) the month following the month in which the recipient's death occurs, the monthly pension payment otherwise payable to the recipient for such month shall be increased to the extent necessary so that the total amount payable to the recipient shall not be less than the recipient's monthly pension, as determined in accordance with Article II, Section E, unreduced by any actuarial adjustment for the benefit option elected by the recipient.

3. For any month which is both (a) prior to the end of the five (5)-year period described in Paragraph 1 above and (b) after the month in which the recipient's death occurs, the monthly pension payment otherwise payable to the recipient's surviving spouse or other co-pensioner

under this Article IV shall be increased to the extent necessary so that the total amount payable to the recipient's surviving spouse or other co-pensioner shall not be less than the recipient's monthly pension, as determined in accordance with Article II, Section E, unreduced by any actuarial adjustment for the benefit option elected by the recipient under Article IV but reduced in accordance with Article III, if applicable. In the event that the recipient has not elected a co-pensioner option, the monthly pension payable under this Paragraph shall be paid to the recipient's beneficiary and shall not be less than the recipient's monthly pension determined under Paragraph 2 above.

4. Any recipient may, in accordance with the provisions of the preceding paragraphs and on a form prescribed for such purpose by the Administrator, designate a beneficiary in the event of the death of the recipient's surviving spouse or other co-pensioner, or change such beneficiary designation at any time prior to the recipient's death, provided that any change of beneficiary cannot terminate the rights of the recipient's surviving spouse to a benefit under Section B of this Article IV. Any beneficiary designation shall be deemed to be effective when it shall have been received by the Administrator. In the event there is no surviving beneficiary, the benefit will be paid to the recipient's estate.

5. In the event a recipient who is eligible to retire on other than a Deferred Vested Pension under Article II, Section A.6., applies to retire during any calendar month and then dies in the month in which his retirement would otherwise have occurred and while such application is pending, the benefit provided under this Section D will be paid as if the recipient had survived until

such requested retirement date.

**ARTICLE V -
ADMINISTRATION OF PENSION FUND**

A. ADMINISTRATION OF PENSION FUND

1. The Pension Fund heretofore and hereafter established by the Company shall be administered by the Company or by a trust company or insurance company to be selected by the Company and referred to in this Agreement as "Administrator" or "Pension Administrator". The Administrator shall have the authority to establish and promulgate all reasonable rules and regulations for the proper administration of the Pension Fund.

2. The aggregate of the amount of moneys that shall have been paid into the Pension Fund established in accordance with the provisions of the Pension Plan for any year during the term of the Agreement and of the moneys that were paid into such Pension Fund for previous years shall not be less than an amount, which on a sound actuarial basis shall be estimated to be sufficient to pay the pensions, which shall have been granted hereunder during such year and during such previous years.

3. The Administrator shall receive the applications for pensions filed hereunder and shall make the primary determination of eligibility for Pension Benefits and the amount thereof and shall make all pension payments provided hereunder and receive all inquiries, complaints, and objections relative thereto.

4. The Pension Plan established by this Agreement is maintained for the exclusive benefit of participants, recipients, and beneficiaries and the Plan's terms, including those relating to cov-

erage and benefits, are legally enforceable. The Plan shall be administered in accordance with all applicable state and federal laws and regulations.

B. NAMED FIDUCIARY

The Company shall be named fiduciary of the Pension Plan established by this Agreement.

C. AUDIT OF PENSION FUND

The Pension Fund shall be audited annually by a qualified firm of public accountants selected by the Company, and a Summary Annual Report based on such annual audit shall be furnished by the Company to each employee covered by this Plan, to each beneficiary receiving benefits under this Plan, and, concurrently with distribution to employees and beneficiaries, to the Union.

D. ADDITIONAL INFORMATION AS TO PENSION FUND

The Company agrees to arrange to have the Administrator furnish the following additional items of information to the Union:

Information designated as annual shall be furnished (1) to the District Director at Columbus, Ohio, in five (5) copies, (2) effective as of December 31 of the years in which this Agreement is in effect, and (3) within one hundred twenty (120) days from the 31st day of December of the years in which this Agreement is in effect. Information designated as current shall be supplied to the Local Union President of the Local Union covering the bargaining unit in which the employee who has filed the application for a pension was working. Such information shall be submitted within five (5) days following the date of the denial of such an application.

1. Annual Information

- a. Name of trustee.
- b. Actuarial assumptions being used as to (1) interest rate, (2) mortality tables used for Retirement and Disability Pensions, (3) setback for female employees, and (4) factor used by actuary for employees who are separated without pension.
- c. Average number of employees in each unit covered by the Plan.
- d. List of pensions which became effective during preceding year showing:
 - (1) Serial Number, badge number, name, and address of recipient.
 - (2) Sex.
 - (3) Date of birth.
 - (4) Date hired.
 - (5) Date pension began.
 - (6) Accredited service.
 - (7) Total earnings in last two hundred sixty (260) bi-weekly pay periods.
 - (8) Total amount of pension.
- e. Financial information.
 - (1) Assets of fund at beginning of year.
 - (2) Receipts. Company contributions, during year, broken down for past service and current service.
 - (3) Net amount of income for year.
 - (4) Net amount of disbursements by each type of pension.
 - (5) Assets of fund at end of year.

2. Current Information

Denial cases showing applications filed by participants, recipients, and beneficiaries and denials of applications by Administrator.

E. CLAIMS PROCEDURES AND SETTLEMENT OF DISPUTES

1. a. The Administrator will make all determinations as to the right of any persons to benefits under the Agreement in accordance with the governing Agreement documents and will ensure that Agreement's provisions are applied consistently with respect to similarly situated claimants. Any denial by the Administrator of a claim for benefits under the Agreement by a claimant, which may be a participant, beneficiary, or recipient, will be stated in writing by the Administrator and delivered or mailed to the claimant within a reasonable period of time, but not later than ninety (90) days after receipt of the claim, unless the Administrator determines that special circumstances require an extension of time for processing the claim. Written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety (90)-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit determination, which cannot exceed a period of ninety (90) days from the end of the initial period.

b. In the case of a claim for disability benefits, the Administrator shall notify the claimant in accordance with the above Paragraph a. of the Administrator's adverse benefit determination within a reasonable period of time, but not later than forty-five (45) days after receipt of the claim. This period may be extended by the Administrator for up to thirty (30) days, provided

that the Administrator both determines that such an extension is necessary due to matters beyond the control of the Administrator and notifies the claimant, prior to the expiration of the initial forty five (45)-day period, of the circumstances requiring the extension of time and the date by which the Pension Plan expects to render a decision. If, prior to the end of the first thirty (30)-day extension period, the Administrator determines that, due to matters beyond the control of the Administrator, a decision cannot be rendered within that extension period, the period of making the determination may be extended for up to an additional thirty (30) days, provided that the Administrator notifies the claimant, prior to the expiration of the first thirty (30)-day extension period, of the circumstances requiring the extension and the date as of which the Administrator expects to render a decision. In the case of any extension under this Paragraph, the notice of extension shall specifically explain the standard on which entitlement to a benefit is based, the unresolved issues that prevent a decision on the claim, and the additional information needed to resolve those issues, and the claimant shall be afforded at least forty-five (45) days within which to provide the specified information.

c. Manner and Content of Notification of Benefit Determination. The Administrator shall provide a claimant with written or electronic notification of any adverse benefit determination. The notification shall set forth in a manner calculated to be understood by the claimant:

(1) The specific reason or reasons for the adverse determination;

(2) Reference to the specific Agreement provisions on which the determination is based;

(3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;

(4) A description of the Agreement's grievance and arbitration procedures and the time limits applicable to such procedures, including a *statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review*;

(5) In the case of an adverse benefit determination involving disability benefits, if an internal rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination, either the specific rule, guideline, protocol, or other similar criterion; or a statement that such a rule, guideline, protocol, or other similar criterion was relied upon in making the adverse determination and that a copy of such rule, guideline, protocol, or other criterion will be provided free of charge to the claimant upon request.

2. If any dispute shall arise between any recipient, participant, or beneficiary applying for a pension and the Administrator, or between any recipient, participant, or beneficiary applying for a pension and the Company, as to such recipient's, participant's or beneficiary's entitlement to pension or Supplemental Retirement Pay or the amount of his pension or Supplemental Retirement Pay, such dispute may be disposed of in the manner provided for in the Adjustment of Grievances commencing with the last step in the grievance procedure preceding arbitration of the collective bargaining agreement in effect at the time such action is take, provided that the Company may delegate to the Administrator authority and responsibility to take the place of the Company in such proceedings. Any partici-

participant beneficiary, or recipient who wishes to submit such a dispute to such step of the grievance procedure must have a notice of his intention to do so filed by the Representative of the Internal Union with the Administrator postmarked within sixty (60) days from the date of the notice to him of the action to which he objects. The participant, beneficiary, or recipient shall state clearly and concisely, in such notice of his intention to submit such dispute to such step of the grievance procedure, all facts which are the basis of his grievance; and if he claims that Article or Articles of this Agreement are involved, he shall specify such Article or Articles. The notice from the Administrator shall advise such participant, beneficiary, or recipient of his right to submit such dispute to such step of the grievance procedure within said time.

3. The arbitrator, in deciding any such dispute and only insofar as necessary to decide such dispute, shall have authority only to interpret and apply the provisions of this Agreement to the facts as presented in evidence to him, but he shall not have the authority to add to or subtract from or, in anyway, to alter or amend any of such provisions. The decision of the arbitrator on such dispute, which shall properly have been referred to him, shall be final and binding upon the Company, the Union, recipient, participant, or beneficiary, and the Administrator, unless said decision was procured or induced by corruption, fraud, or undue means or was beyond the scope of the arbitrator's authority herein provided.

If no appeal to arbitration is taken in accordance with Section E hereof from any decision of the Administrator either awarding or denying a pension under this Agreement, or modifying or reversing any earlier decision awarding or

denying such pension, such decision of the Administrator shall be final and binding upon said participant, beneficiary, or recipient, or an person on his behalf, and upon the Union.

**ARTICLE VI -
EFFECTIVE AND TERMINATION DATES**

A. This 2005 Pension Agreement shall be effective on January 1, 2006, at 12:01 a.m., except as hereinafter provided, and shall supersede the 2000 Pension Agreement between the parties.

B. No provision in this Agreement shall be considered as having any retroactive effect, unless it is clearly so stated.

C. This Agreement shall continue in full force and effect until 12:01 a.m., January 1, 2010, and for yearly periods thereafter, unless either party shall notify the other party in writing not less than sixty (60) days before any termination date of the 2005 Basic Labor Agreement between the parties of such party's desire to commence negotiations for a new Agreement.

D. Negotiations for a new Pension Agreement shall be carried on concurrently with negotiations for a Basic Labor Agreement to replace the 2005 Basic Labor Agreement.

E. In the event of a strike at the termination of the 2005 Basic Labor Agreement, the operation of this Pension Agreement shall not be suspended during the period of such strike until the termination date of this Pension Agreement.

F. In the event that no agreement is reached on a new Pension Agreement by 12:01 a.m., September 28, 2009, the Union shall not be bound by its no-strike pledge contained in the Basic Labor Agreement then in effect between

the parties.

G. The no-strike clause contained in the Basic Labor Agreement between the parties then in effect shall be applicable to this Pension Agreement, except as hereinabove provided.

H. Except as provided above, there shall be no strikes by reason of disputes under this Pension Agreement during the term of this Agreement.

THE TIMKEN COMPANY

Alan C. Oberster
Manager - Industrial
and Associate Relations

**UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION**

STEELWORKERS OR USW

Leo W. Gerard
International President

James D. English
International Secretary-Treasurer

Tom Conway
International Vice President,
Administration

Leon Lynch
International Vice President,
Human Affairs

David R. McCall
District 1 Director

Dennis Brommer
Sub District Director

Stanley Jasionowski
President - Local Union 1123

William Wright
Vice President - Local Union 1123

Kindell Huffman
Unit Chair - Local Union 1123-03

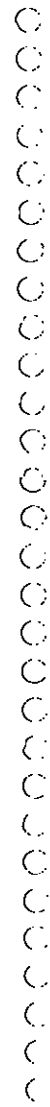
Patrick Eslich
Negotiator - Canton Bearing Plant
Local 1123

Scott Albertson
Negotiator - Gambrinus Bearing Plant
Local 1123

Paul McKenzie
Negotiator - Faircrest Steel Plant
Local 1123

Randy Feemster
Negotiator - Gambrinus Steel Plant
Local 1123

Joseph Hoagland
Negotiator - Harrison Steel Plant
Local 1123



**THE TIMKEN COMPANY
PENSION PLAN**

25% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY		AGE OF RETIRED EMPLOYEE																				
		M: 50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
		F: 55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
45	50	0.9815	0.9800	0.9784	0.9766	0.9747	0.9726	0.9703	0.9681	0.9655	0.9628	0.9600	0.9569	0.9538	0.9504	0.9467	0.9428	0.9389	0.9346	0.9301	0.9253	0.9204
46	51	0.9824	0.9808	0.9793	0.9777	0.9757	0.9737	0.9716	0.9692	0.9668	0.9642	0.9613	0.9583	0.9552	0.9518	0.9484	0.9444	0.9404	0.9363	0.9318	0.9271	0.9221
47	52	0.9832	0.9818	0.9802	0.9786	0.9769	0.9748	0.9728	0.9706	0.9680	0.9655	0.9627	0.9597	0.9566	0.9533	0.9498	0.9462	0.9421	0.9379	0.9337	0.9290	0.9240
48	53	0.9842	0.9827	0.9812	0.9795	0.9778	0.9760	0.9739	0.9717	0.9694	0.9667	0.9641	0.9612	0.9581	0.9548	0.9513	0.9477	0.9439	0.9397	0.9353	0.9309	0.9259
49	54	0.9850	0.9836	0.9821	0.9805	0.9788	0.9770	0.9751	0.9729	0.9706	0.9682	0.9654	0.9627	0.9596	0.9563	0.9529	0.9493	0.9455	0.9416	0.9372	0.9326	0.9279
50	55	0.9857	0.9844	0.9831	0.9814	0.9798	0.9780	0.9761	0.9742	0.9718	0.9694	0.9669	0.9640	0.9611	0.9579	0.9545	0.9509	0.9472	0.9432	0.9392	0.9346	0.9297
51	56	0.9865	0.9852	0.9839	0.9825	0.9808	0.9790	0.9772	0.9752	0.9732	0.9707	0.9682	0.9656	0.9625	0.9595	0.9562	0.9526	0.9489	0.9450	0.9409	0.9366	0.9318
52	57	0.9874	0.9860	0.9847	0.9833	0.9818	0.9800	0.9782	0.9762	0.9742	0.9721	0.9695	0.9669	0.9641	0.9609	0.9578	0.9544	0.9507	0.9468	0.9427	0.9384	0.9339
53	58	0.9880	0.9869	0.9856	0.9842	0.9827	0.9812	0.9793	0.9774	0.9753	0.9732	0.9710	0.9683	0.9656	0.9627	0.9593	0.9561	0.9525	0.9486	0.9446	0.9403	0.9358
54	59	0.9886	0.9876	0.9864	0.9850	0.9836	0.9820	0.9804	0.9785	0.9765	0.9743	0.9721	0.9698	0.9670	0.9642	0.9612	0.9577	0.9543	0.9505	0.9465	0.9422	0.9378
55	60	0.9893	0.9882	0.9871	0.9859	0.9845	0.9830	0.9814	0.9797	0.9776	0.9756	0.9733	0.9710	0.9686	0.9657	0.9627	0.9596	0.9560	0.9524	0.9485	0.9443	0.9398
56	61	0.9900	0.9889	0.9878	0.9866	0.9854	0.9839	0.9823	0.9806	0.9789	0.9768	0.9746	0.9723	0.9699	0.9673	0.9643	0.9612	0.9580	0.9542	0.9505	0.9464	0.9420
57	62	0.9907	0.9896	0.9885	0.9874	0.9861	0.9848	0.9833	0.9816	0.9799	0.9781	0.9759	0.9736	0.9712	0.9687	0.9660	0.9629	0.9597	0.9562	0.9523	0.9485	0.9442
58	63	0.9912	0.9904	0.9892	0.9881	0.9869	0.9856	0.9843	0.9826	0.9809	0.9791	0.9772	0.9750	0.9726	0.9701	0.9675	0.9647	0.9614	0.9581	0.9545	0.9504	0.9464
59	64	0.9918	0.9909	0.9900	0.9889	0.9876	0.9864	0.9851	0.9837	0.9820	0.9802	0.9784	0.9764	0.9741	0.9716	0.9690	0.9663	0.9634	0.9599	0.9564	0.9527	0.9484
60	65	0.9923	0.9915	0.9906	0.9897	0.9885	0.9872	0.9860	0.9846	0.9832	0.9814	0.9796	0.9776	0.9756	0.9732	0.9706	0.9678	0.9650	0.9620	0.9584	0.9548	0.9509
61	66	0.9927	0.9921	0.9912	0.9903	0.9894	0.9882	0.9868	0.9855	0.9841	0.9827	0.9808	0.9790	0.9769	0.9748	0.9722	0.9696	0.9667	0.9637	0.9606	0.9569	0.9531
62	67	0.9933	0.9925	0.9919	0.9910	0.9900	0.9891	0.9878	0.9865	0.9851	0.9836	0.9822	0.9803	0.9783	0.9762	0.9740	0.9712	0.9685	0.9655	0.9624	0.9592	0.9554
63	68	0.9938	0.9931	0.9923	0.9917	0.9908	0.9898	0.9888	0.9875	0.9861	0.9847	0.9832	0.9816	0.9797	0.9776	0.9754	0.9731	0.9703	0.9674	0.9644	0.9612	0.9578
64	69	0.9942	0.9936	0.9930	0.9922	0.9915	0.9906	0.9896	0.9886	0.9872	0.9858	0.9843	0.9827	0.9811	0.9790	0.9769	0.9746	0.9722	0.9694	0.9664	0.9632	0.9599
65	70	0.9947	0.9941	0.9935	0.9929	0.9920	0.9914	0.9904	0.9893	0.9883	0.9869	0.9854	0.9839	0.9822	0.9806	0.9784	0.9762	0.9738	0.9714	0.9684	0.9654	0.9620
66	71	0.9952	0.9946	0.9940	0.9934	0.9928	0.9918	0.9912	0.9902	0.9891	0.9880	0.9866	0.9850	0.9835	0.9818	0.9800	0.9778	0.9755	0.9731	0.9705	0.9674	0.9643
67	72	0.9956	0.9951	0.9945	0.9939	0.9933	0.9926	0.9917	0.9910	0.9899	0.9888	0.9877	0.9862	0.9846	0.9830	0.9812	0.9794	0.9772	0.9748	0.9723	0.9696	0.9664
68	73	0.9961	0.9955	0.9950	0.9944	0.9938	0.9931	0.9924	0.9915	0.9907	0.9897	0.9885	0.9874	0.9859	0.9842	0.9826	0.9807	0.9789	0.9765	0.9741	0.9715	0.9687
69	74	0.9963	0.9960	0.9954	0.9948	0.9942	0.9936	0.9930	0.9922	0.9913	0.9905	0.9894	0.9882	0.9871	0.9855	0.9838	0.9821	0.9802	0.9783	0.9759	0.9734	0.9707
70	75	0.9966	0.9962	0.9959	0.9954	0.9948	0.9942	0.9935	0.9928	0.9921	0.9911	0.9904	0.9892	0.9880	0.9868	0.9852	0.9835	0.9817	0.9798	0.9778	0.9753	0.9727
71	76	0.9970	0.9965	0.9962	0.9959	0.9953	0.9947	0.9941	0.9935	0.9928	0.9920	0.9910	0.9902	0.9891	0.9878	0.9866	0.9849	0.9831	0.9814	0.9793	0.9773	0.9748
72	77	0.9973	0.9970	0.9965	0.9962	0.9959	0.9953	0.9947	0.9940	0.9934	0.9927	0.9919	0.9909	0.9901	0.9889	0.9876	0.9864	0.9846	0.9828	0.9810	0.9790	0.9769
73	78	0.9976	0.9973	0.9970	0.9965	0.9962	0.9958	0.9952	0.9946	0.9940	0.9933	0.9926	0.9918	0.9908	0.9899	0.9887	0.9874	0.9861	0.9844	0.9826	0.9807	0.9786
74	79	0.9978	0.9976	0.9973	0.9970	0.9965	0.9962	0.9958	0.9952	0.9946	0.9940	0.9933	0.9925	0.9917	0.9906	0.9898	0.9886	0.9872	0.9860	0.9842	0.9824	0.9805
75	80	0.9981	0.9978	0.9975	0.9973	0.9970	0.9965	0.9962	0.9958	0.9952	0.9946	0.9939	0.9932	0.9925	0.9917	0.9906	0.9898	0.9885	0.9871	0.9859	0.9841	0.9822

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

50% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY		AGE OF RETIRED EMPLOYEE																				
		M: 50 F: 55	51 56	52 57	53 58	54 59	55 60	56 61	57 62	58 63	59 64	60 65	61 66	62 67	63 68	64 69	65 70	66 71	67 72	68 73	69 74	70 75
45	50	0.9381	0.9333	0.9283	0.9225	0.9166	0.9104	0.9033	0.8965	0.8889	0.8809	0.8726	0.8639	0.8550	0.8457	0.8354	0.8247	0.8144	0.8032	0.7917	0.7798	0.7675
46	51	0.9409	0.9360	0.9311	0.9259	0.9199	0.9138	0.9073	0.8998	0.8928	0.8849	0.8765	0.8679	0.8588	0.8495	0.8399	0.8293	0.8184	0.8078	0.7962	0.7843	0.7719
47	52	0.9437	0.9390	0.9339	0.9288	0.9234	0.9171	0.9108	0.9040	0.8963	0.8889	0.8806	0.8720	0.8629	0.8536	0.8439	0.8340	0.8230	0.8118	0.8009	0.7889	0.7765
48	53	0.9467	0.9419	0.9369	0.9318	0.9264	0.9208	0.9143	0.9075	0.9005	0.8925	0.8848	0.8762	0.8671	0.8578	0.8481	0.8381	0.8279	0.8166	0.8050	0.7937	0.7813
49	54	0.9492	0.9451	0.9400	0.9348	0.9294	0.9238	0.9180	0.9112	0.9042	0.8969	0.8885	0.8804	0.8715	0.8622	0.8525	0.8424	0.8322	0.8216	0.8100	0.7980	0.7862
50	55	0.9518	0.9476	0.9432	0.9380	0.9326	0.9269	0.9211	0.9151	0.9080	0.9007	0.8930	0.8843	0.8760	0.8667	0.8571	0.8471	0.8367	0.8261	0.8152	0.8031	0.7906
51	56	0.9544	0.9502	0.9458	0.9413	0.9358	0.9302	0.9243	0.9183	0.9119	0.9045	0.8970	0.8890	0.8800	0.8713	0.8617	0.8517	0.8415	0.8307	0.8198	0.8084	0.7960
52	57	0.9571	0.9528	0.9485	0.9439	0.9392	0.9335	0.9277	0.9215	0.9152	0.9087	0.9009	0.8930	0.8848	0.8754	0.8665	0.8566	0.8463	0.8356	0.8246	0.8132	0.8015
53	58	0.9591	0.9556	0.9512	0.9467	0.9419	0.9370	0.9311	0.9250	0.9187	0.9121	0.9052	0.8972	0.8890	0.8804	0.8708	0.8615	0.8513	0.8407	0.8296	0.8181	0.8063
54	59	0.9613	0.9577	0.9541	0.9495	0.9448	0.9398	0.9347	0.9285	0.9223	0.9156	0.9088	0.9017	0.8933	0.8849	0.8760	0.8660	0.8564	0.8459	0.8349	0.8234	0.8115
55	60	0.9635	0.9600	0.9563	0.9524	0.9476	0.9427	0.9376	0.9323	0.9259	0.9194	0.9124	0.9054	0.8979	0.8893	0.8807	0.8715	0.8611	0.8512	0.8402	0.8289	0.8170
56	61	0.9658	0.9622	0.9586	0.9546	0.9507	0.9458	0.9406	0.9353	0.9298	0.9231	0.9164	0.9092	0.9019	0.8942	0.8853	0.8763	0.8668	0.8561	0.8458	0.8345	0.8226
57	62	0.9682	0.9647	0.9609	0.9571	0.9530	0.9489	0.9438	0.9385	0.9329	0.9272	0.9203	0.9134	0.9060	0.8984	0.8905	0.8812	0.8718	0.8620	0.8508	0.8402	0.8285
58	63	0.9698	0.9671	0.9634	0.9595	0.9556	0.9514	0.9471	0.9418	0.9363	0.9306	0.9247	0.9176	0.9104	0.9027	0.8949	0.8865	0.8769	0.8672	0.8570	0.8456	0.8345
59	64	0.9717	0.9689	0.9660	0.9621	0.9581	0.9541	0.9497	0.9453	0.9398	0.9341	0.9283	0.9221	0.9148	0.9073	0.8993	0.8912	0.8825	0.8725	0.8625	0.8520	0.8402
60	65	0.9737	0.9708	0.9678	0.9649	0.9609	0.9567	0.9525	0.9481	0.9435	0.9378	0.9320	0.9259	0.9196	0.9120	0.9042	0.8958	0.8874	0.8785	0.8682	0.8578	0.8470
61	66	0.9749	0.9728	0.9699	0.9668	0.9638	0.9597	0.9554	0.9511	0.9465	0.9418	0.9360	0.9300	0.9236	0.9171	0.9091	0.9010	0.8923	0.8836	0.8744	0.8638	0.8531
62	67	0.9769	0.9742	0.9721	0.9691	0.9659	0.9628	0.9586	0.9542	0.9498	0.9451	0.9402	0.9341	0.9279	0.9213	0.9144	0.9061	0.8978	0.8889	0.8799	0.8704	0.8594
63	68	0.9784	0.9764	0.9735	0.9714	0.9684	0.9651	0.9619	0.9577	0.9531	0.9486	0.9436	0.9385	0.9322	0.9257	0.9189	0.9117	0.9033	0.8947	0.8855	0.8762	0.8663
64	69	0.9800	0.9780	0.9759	0.9731	0.9709	0.9677	0.9644	0.9611	0.9567	0.9520	0.9472	0.9421	0.9369	0.9304	0.9236	0.9164	0.9091	0.9004	0.8916	0.8821	0.8725
65	70	0.9816	0.9797	0.9777	0.9755	0.9726	0.9703	0.9671	0.9636	0.9602	0.9556	0.9508	0.9459	0.9405	0.9351	0.9284	0.9214	0.9141	0.9066	0.8975	0.8884	0.8786
66	71	0.9832	0.9814	0.9794	0.9773	0.9751	0.9721	0.9698	0.9664	0.9628	0.9593	0.9546	0.9495	0.9445	0.9390	0.9334	0.9264	0.9193	0.9117	0.9040	0.8947	0.8853
67	72	0.9848	0.9829	0.9810	0.9790	0.9768	0.9746	0.9714	0.9691	0.9656	0.9619	0.9582	0.9534	0.9482	0.9430	0.9373	0.9315	0.9244	0.9171	0.9093	0.9012	0.8916
68	73	0.9864	0.9845	0.9826	0.9806	0.9785	0.9763	0.9740	0.9707	0.9683	0.9647	0.9609	0.9572	0.9522	0.9469	0.9416	0.9356	0.9297	0.9224	0.9148	0.9068	0.8985
69	74	0.9872	0.9861	0.9841	0.9822	0.9802	0.9781	0.9758	0.9734	0.9701	0.9676	0.9640	0.9600	0.9562	0.9511	0.9456	0.9401	0.9341	0.9280	0.9204	0.9126	0.9044
70	75	0.9880	0.9871	0.9859	0.9839	0.9819	0.9798	0.9777	0.9754	0.9729	0.9696	0.9670	0.9633	0.9592	0.9553	0.9501	0.9444	0.9388	0.9325	0.9263	0.9186	0.9106
71	76	0.9897	0.9880	0.9869	0.9858	0.9838	0.9817	0.9797	0.9775	0.9752	0.9726	0.9692	0.9665	0.9628	0.9586	0.9546	0.9492	0.9434	0.9376	0.9312	0.9248	0.9169
72	77	0.9906	0.9897	0.9879	0.9868	0.9857	0.9836	0.9816	0.9795	0.9773	0.9749	0.9723	0.9688	0.9661	0.9622	0.9579	0.9538	0.9483	0.9424	0.9365	0.9300	0.9235
73	78	0.9915	0.9906	0.9896	0.9879	0.9868	0.9857	0.9836	0.9814	0.9794	0.9770	0.9746	0.9719	0.9684	0.9656	0.9616	0.9572	0.9531	0.9475	0.9415	0.9356	0.9290
74	79	0.9923	0.9915	0.9906	0.9896	0.9878	0.9867	0.9856	0.9834	0.9812	0.9791	0.9768	0.9744	0.9717	0.9681	0.9652	0.9612	0.9567	0.9525	0.9469	0.9408	0.9348
75	80	0.9933	0.9923	0.9915	0.9906	0.9896	0.9878	0.9867	0.9855	0.9833	0.9812	0.9791	0.9768	0.9742	0.9714	0.9679	0.9650	0.9609	0.9564	0.9522	0.9466	0.9404

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

75% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

		AGE OF RETIRED EMPLOYEE																				
AGE OF BENEFICIARY M	E	M: 50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
		F: 55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
45	50	0.8983	0.8909	0.8831	0.8742	0.8650	0.8556	0.8449	0.8348	0.8235	0.8118	0.7998	0.7874	0.7747	0.7618	0.7474	0.7330	0.7191	0.7042	0.6892	0.6738	0.6582
46	51	0.9028	0.8951	0.8874	0.8794	0.8701	0.8607	0.8510	0.8398	0.8293	0.8176	0.8055	0.7930	0.7802	0.7670	0.7538	0.7391	0.7243	0.7102	0.6950	0.6795	0.6638
47	52	0.9073	0.8998	0.8918	0.8838	0.8756	0.8659	0.8562	0.8460	0.8344	0.8235	0.8114	0.7989	0.7860	0.7727	0.7592	0.7456	0.7306	0.7156	0.7011	0.6855	0.6696
48	53	0.9121	0.9044	0.8966	0.8884	0.8802	0.8715	0.8614	0.8514	0.8408	0.8288	0.8175	0.8050	0.7920	0.7787	0.7650	0.7513	0.7373	0.7221	0.7066	0.6918	0.6757
49	54	0.9160	0.9094	0.9014	0.8933	0.8848	0.8762	0.8673	0.8568	0.8463	0.8354	0.8229	0.8112	0.7982	0.7849	0.7712	0.7573	0.7431	0.7288	0.7132	0.6974	0.6821
50	55	0.9201	0.9133	0.9064	0.8982	0.8898	0.8810	0.8720	0.8627	0.8519	0.8410	0.8296	0.8168	0.8046	0.7913	0.7776	0.7636	0.7493	0.7348	0.7201	0.7041	0.6878
51	56	0.9242	0.9175	0.9105	0.9034	0.8948	0.8861	0.8770	0.8677	0.8580	0.8467	0.8354	0.8237	0.8104	0.7979	0.7842	0.7702	0.7558	0.7411	0.7262	0.7111	0.6947
52	57	0.9286	0.9218	0.9148	0.9075	0.9001	0.8912	0.8822	0.8726	0.8630	0.8530	0.8414	0.8297	0.8175	0.8038	0.7910	0.7770	0.7628	0.7478	0.7327	0.7174	0.7019
53	58	0.9319	0.9262	0.9192	0.9119	0.9044	0.8966	0.8874	0.8781	0.8682	0.8582	0.8478	0.8358	0.8237	0.8112	0.7972	0.7840	0.7696	0.7548	0.7396	0.7241	0.7083
54	59	0.9354	0.9296	0.9238	0.9164	0.9089	0.9010	0.8930	0.8834	0.8738	0.8635	0.8532	0.8425	0.8300	0.8177	0.8048	0.7904	0.7768	0.7620	0.7467	0.7312	0.7152
55	60	0.9390	0.9333	0.9272	0.9211	0.9135	0.9057	0.8976	0.8893	0.8794	0.8694	0.8587	0.8481	0.8370	0.8242	0.8114	0.7982	0.7834	0.7694	0.7542	0.7386	0.7226
56	61	0.9428	0.9369	0.9310	0.9247	0.9184	0.9105	0.9024	0.8940	0.8854	0.8751	0.8648	0.8538	0.8429	0.8314	0.8183	0.8052	0.7915	0.7762	0.7618	0.7462	0.7302
57	62	0.9467	0.9409	0.9347	0.9286	0.9221	0.9155	0.9074	0.8990	0.8903	0.8814	0.8708	0.8602	0.8490	0.8376	0.8258	0.8122	0.7986	0.7846	0.7690	0.7542	0.7381
58	63	0.9494	0.9449	0.9388	0.9325	0.9262	0.9194	0.9126	0.9042	0.8956	0.8866	0.8774	0.8666	0.8556	0.8440	0.8323	0.8201	0.8061	0.7921	0.7776	0.7615	0.7463
59	64	0.9525	0.9477	0.9430	0.9368	0.9302	0.9238	0.9167	0.9098	0.9010	0.8922	0.8830	0.8735	0.8623	0.8510	0.8390	0.8269	0.8142	0.7998	0.7854	0.7706	0.7541
60	65	0.9557	0.9510	0.9460	0.9412	0.9348	0.9281	0.9214	0.9142	0.9070	0.8980	0.8889	0.8794	0.8697	0.8581	0.8463	0.8338	0.8213	0.8083	0.7934	0.7788	0.7635
61	66	0.9577	0.9543	0.9495	0.9444	0.9394	0.9329	0.9259	0.9190	0.9117	0.9042	0.8951	0.8857	0.8758	0.8658	0.8537	0.8415	0.8286	0.8158	0.8024	0.7872	0.7722
62	67	0.9611	0.9565	0.9531	0.9482	0.9429	0.9378	0.9311	0.9240	0.9170	0.9094	0.9017	0.8922	0.8825	0.8722	0.8617	0.8492	0.8367	0.8235	0.8103	0.7966	0.7810
63	68	0.9636	0.9602	0.9555	0.9520	0.9470	0.9416	0.9364	0.9295	0.9222	0.9149	0.9070	0.8991	0.8893	0.8791	0.8685	0.8577	0.8448	0.8321	0.8185	0.8050	0.7908
64	69	0.9662	0.9629	0.9594	0.9546	0.9511	0.9459	0.9404	0.9350	0.9279	0.9204	0.9129	0.9046	0.8964	0.8862	0.8758	0.8649	0.8537	0.8406	0.8274	0.8135	0.7996
65	70	0.9689	0.9657	0.9623	0.9588	0.9539	0.9502	0.9449	0.9392	0.9337	0.9263	0.9185	0.9107	0.9022	0.8937	0.8832	0.8725	0.8612	0.8498	0.8363	0.8229	0.8085
66	71	0.9715	0.9685	0.9652	0.9618	0.9581	0.9530	0.9493	0.9438	0.9378	0.9322	0.9246	0.9165	0.9085	0.8997	0.8910	0.8802	0.8691	0.8577	0.8459	0.8321	0.8182
67	72	0.9742	0.9710	0.9679	0.9646	0.9610	0.9572	0.9520	0.9481	0.9425	0.9363	0.9305	0.9226	0.9144	0.9062	0.8971	0.8882	0.8770	0.8658	0.8540	0.8419	0.8276
68	73	0.9770	0.9737	0.9705	0.9672	0.9638	0.9601	0.9562	0.9509	0.9469	0.9410	0.9348	0.9288	0.9208	0.9122	0.9038	0.8945	0.8853	0.8739	0.8624	0.8502	0.8378
69	74	0.9783	0.9765	0.9731	0.9698	0.9665	0.9630	0.9592	0.9552	0.9498	0.9458	0.9398	0.9334	0.9272	0.9190	0.9102	0.9015	0.8920	0.8826	0.8710	0.8590	0.8466
70	75	0.9797	0.9779	0.9761	0.9727	0.9694	0.9660	0.9624	0.9586	0.9545	0.9490	0.9448	0.9387	0.9321	0.9258	0.9174	0.9083	0.8994	0.8897	0.8800	0.8681	0.8559
71	76	0.9826	0.9796	0.9778	0.9759	0.9725	0.9690	0.9657	0.9620	0.9582	0.9539	0.9483	0.9440	0.9378	0.9310	0.9246	0.9159	0.9066	0.8976	0.8876	0.8778	0.8656
72	77	0.9840	0.9825	0.9795	0.9777	0.9758	0.9722	0.9688	0.9654	0.9617	0.9577	0.9534	0.9477	0.9433	0.9369	0.9298	0.9233	0.9145	0.9051	0.8959	0.8857	0.8757
73	78	0.9855	0.9840	0.9824	0.9794	0.9776	0.9757	0.9721	0.9686	0.9650	0.9613	0.9573	0.9528	0.9470	0.9425	0.9360	0.9288	0.9222	0.9133	0.9038	0.8945	0.8841
74	79	0.9869	0.9854	0.9839	0.9823	0.9793	0.9774	0.9755	0.9718	0.9683	0.9648	0.9610	0.9568	0.9523	0.9465	0.9418	0.9353	0.9280	0.9213	0.9123	0.9026	0.8933
75	80	0.9885	0.9869	0.9854	0.9839	0.9823	0.9793	0.9774	0.9754	0.9718	0.9682	0.9646	0.9608	0.9566	0.9520	0.9461	0.9415	0.9349	0.9274	0.9208	0.9118	0.9020

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

100% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY		AGE OF RETIRED EMPLOYEE																				
		M: 50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
		F: 55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
45	50	0.8618	0.8521	0.8422	0.8306	0.8190	0.8071	0.7936	0.7810	0.7671	0.7528	0.7383	0.7233	0.7082	0.6929	0.6763	0.6596	0.6439	0.6270	0.6101	0.5932	0.5762
46	51	0.8676	0.8577	0.8477	0.8374	0.8254	0.8135	0.8012	0.7872	0.7742	0.7599	0.7452	0.7301	0.7147	0.6992	0.6835	0.6666	0.6497	0.6337	0.6167	0.5995	0.5821
47	52	0.8735	0.8637	0.8534	0.8431	0.8325	0.8201	0.8077	0.7950	0.7805	0.7672	0.7523	0.7371	0.7216	0.7059	0.6900	0.6741	0.6569	0.6398	0.6235	0.6061	0.5885
48	53	0.8798	0.8697	0.8596	0.8490	0.8382	0.8272	0.8144	0.8017	0.7885	0.7736	0.7598	0.7445	0.7289	0.7130	0.6968	0.6807	0.6645	0.6471	0.6297	0.6130	0.5952
49	54	0.8850	0.8762	0.8658	0.8552	0.8443	0.8332	0.8218	0.8086	0.7953	0.7817	0.7663	0.7521	0.7363	0.7204	0.7041	0.6877	0.6712	0.6548	0.6371	0.6193	0.6023
50	55	0.8904	0.8815	0.8724	0.8616	0.8507	0.8394	0.8279	0.8161	0.8024	0.7887	0.7747	0.7589	0.7442	0.7280	0.7117	0.6951	0.6784	0.6617	0.6449	0.6269	0.6087
51	56	0.8960	0.8870	0.8778	0.8684	0.8572	0.8459	0.8342	0.8223	0.8100	0.7959	0.7818	0.7673	0.7510	0.7360	0.7195	0.7028	0.6860	0.6690	0.6519	0.6348	0.6163
52	57	0.9017	0.8926	0.8835	0.8739	0.8642	0.8525	0.8409	0.8287	0.8164	0.8037	0.7892	0.7747	0.7598	0.7431	0.7277	0.7109	0.6939	0.6767	0.6593	0.6418	0.6244
53	58	0.9062	0.8986	0.8892	0.8796	0.8698	0.8597	0.8477	0.8356	0.8230	0.8104	0.7973	0.7822	0.7674	0.7521	0.7351	0.7193	0.7022	0.6848	0.6672	0.6494	0.6316
54	59	0.9110	0.9032	0.8953	0.8856	0.8756	0.8654	0.8550	0.8426	0.8301	0.8171	0.8040	0.7906	0.7751	0.7599	0.7442	0.7269	0.7107	0.6932	0.6755	0.6575	0.6393
55	60	0.9158	0.9080	0.9000	0.8918	0.8818	0.8715	0.8609	0.8501	0.8372	0.8244	0.8110	0.7976	0.7838	0.7680	0.7524	0.7363	0.7186	0.7020	0.6841	0.6660	0.6477
56	61	0.9209	0.9130	0.9050	0.8966	0.8881	0.8778	0.8671	0.8562	0.8450	0.8319	0.8186	0.8048	0.7911	0.7769	0.7607	0.7447	0.7283	0.7101	0.6931	0.6748	0.6563
57	62	0.9261	0.9182	0.9100	0.9018	0.8931	0.8844	0.8736	0.8627	0.8514	0.8399	0.8263	0.8128	0.7987	0.7845	0.7700	0.7533	0.7368	0.7200	0.7014	0.6841	0.6654
58	63	0.9298	0.9237	0.9155	0.9070	0.8985	0.8895	0.8806	0.8694	0.8582	0.8466	0.8348	0.8209	0.8071	0.7925	0.7780	0.7629	0.7458	0.7289	0.7117	0.6927	0.6750
59	64	0.9340	0.9275	0.9212	0.9128	0.9040	0.8953	0.8860	0.8768	0.8654	0.8538	0.8419	0.8298	0.8156	0.8013	0.7862	0.7712	0.7557	0.7381	0.7209	0.7034	0.6841
60	65	0.9384	0.9320	0.9252	0.9187	0.9101	0.9011	0.8921	0.8825	0.8731	0.8615	0.8496	0.8373	0.8248	0.8101	0.7954	0.7799	0.7644	0.7485	0.7306	0.7130	0.6950
61	66	0.9411	0.9365	0.9300	0.9230	0.9164	0.9074	0.8983	0.8891	0.8793	0.8696	0.8576	0.8455	0.8328	0.8199	0.8046	0.7894	0.7734	0.7576	0.7414	0.7231	0.7051
62	67	0.9458	0.9395	0.9349	0.9281	0.9210	0.9142	0.9051	0.8956	0.8863	0.8762	0.8662	0.8539	0.8412	0.8281	0.8148	0.7991	0.7834	0.7671	0.7510	0.7344	0.7157
63	68	0.9492	0.9445	0.9381	0.9334	0.9265	0.9192	0.9123	0.9029	0.8932	0.8836	0.8732	0.8628	0.8501	0.8370	0.8234	0.8096	0.7935	0.7776	0.7610	0.7445	0.7274
64	69	0.9528	0.9482	0.9435	0.9369	0.9321	0.9251	0.9176	0.9104	0.9009	0.8909	0.8809	0.8701	0.8593	0.8462	0.8326	0.8188	0.8046	0.7882	0.7719	0.7549	0.7379
65	70	0.9565	0.9521	0.9475	0.9425	0.9359	0.9309	0.9237	0.9160	0.9086	0.8987	0.8883	0.8780	0.8669	0.8558	0.8422	0.8284	0.8142	0.7997	0.7829	0.7663	0.7487
66	71	0.9601	0.9559	0.9514	0.9466	0.9416	0.9348	0.9296	0.9221	0.9142	0.9066	0.8964	0.8857	0.8751	0.8636	0.8523	0.8383	0.8242	0.8096	0.7949	0.7776	0.7606
67	72	0.9639	0.9595	0.9551	0.9505	0.9456	0.9404	0.9334	0.9281	0.9204	0.9121	0.9043	0.8938	0.8829	0.8721	0.8603	0.8486	0.8343	0.8200	0.8050	0.7899	0.7722
68	73	0.9677	0.9631	0.9586	0.9542	0.9494	0.9444	0.9390	0.9318	0.9264	0.9185	0.9101	0.9020	0.8914	0.8801	0.8689	0.8569	0.8449	0.8303	0.8156	0.8003	0.7847
69	74	0.9695	0.9670	0.9623	0.9578	0.9532	0.9483	0.9432	0.9377	0.9304	0.9248	0.9168	0.9081	0.8999	0.8890	0.8773	0.8660	0.8536	0.8414	0.8265	0.8114	0.7957
70	75	0.9715	0.9691	0.9665	0.9618	0.9571	0.9525	0.9476	0.9424	0.9367	0.9293	0.9235	0.9153	0.9064	0.8980	0.8868	0.8750	0.8633	0.8506	0.8382	0.8229	0.8075
71	76	0.9754	0.9713	0.9688	0.9663	0.9614	0.9567	0.9521	0.9470	0.9417	0.9360	0.9283	0.9225	0.9141	0.9050	0.8964	0.8849	0.8728	0.8609	0.8479	0.8352	0.8196
72	77	0.9776	0.9754	0.9712	0.9687	0.9660	0.9612	0.9564	0.9516	0.9465	0.9411	0.9352	0.9275	0.9215	0.9129	0.9034	0.8947	0.8830	0.8706	0.8587	0.8455	0.8326
73	78	0.9796	0.9775	0.9753	0.9710	0.9686	0.9658	0.9609	0.9561	0.9512	0.9460	0.9405	0.9345	0.9266	0.9204	0.9117	0.9021	0.8932	0.8814	0.8688	0.8568	0.8433
74	79	0.9816	0.9795	0.9774	0.9752	0.9709	0.9684	0.9657	0.9606	0.9557	0.9509	0.9456	0.9399	0.9338	0.9258	0.9196	0.9108	0.9009	0.8921	0.8802	0.8675	0.8553
75	80	0.9838	0.9815	0.9794	0.9774	0.9751	0.9708	0.9683	0.9655	0.9605	0.9555	0.9506	0.9453	0.9396	0.9334	0.9254	0.9191	0.9102	0.9003	0.8914	0.8795	0.8666

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

25% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY	AGE OF RETIRED EMPLOYEE																				
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
35	.9690	.9670	.9649	.9626	.9602	.9577	.9551	.9522	.9493	.9462	.9428	.9395	.9357	.9320	.9278	.9235	.9192	.9145	.9096	.9045	.8994
36	.9698	.9677	.9657	.9634	.9610	.9586	.9560	.9532	.9502	.9472	.9440	.9404	.9368	.9329	.9290	.9246	.9202	.9157	.9108	.9057	.9004
37	.9707	.9686	.9664	.9643	.9620	.9595	.9569	.9541	.9513	.9481	.9449	.9415	.9378	.9341	.9300	.9258	.9214	.9167	.9120	.9069	.9016
38	.9714	.9695	.9673	.9651	.9629	.9604	.9578	.9551	.9522	.9492	.9459	.9426	.9390	.9351	.9312	.9269	.9226	.9180	.9131	.9082	.9029
39	.9722	.9703	.9683	.9660	.9637	.9614	.9588	.9561	.9532	.9502	.9471	.9436	.9401	.9364	.9322	.9282	.9237	.9193	.9144	.9094	.9042
40	.9730	.9711	.9691	.9670	.9647	.9622	.9598	.9572	.9543	.9513	.9482	.9448	.9412	.9375	.9336	.9293	.9251	.9204	.9158	.9108	.9054
41	.9738	.9720	.9700	.9679	.9658	.9633	.9608	.9582	.9554	.9524	.9493	.9460	.9425	.9386	.9348	.9307	.9263	.9219	.9170	.9122	.9069
42	.9748	.9729	.9709	.9688	.9667	.9644	.9619	.9592	.9566	.9536	.9505	.9472	.9437	.9400	.9360	.9320	.9278	.9231	.9186	.9135	.9084
43	.9757	.9738	.9718	.9698	.9676	.9654	.9630	.9604	.9576	.9548	.9517	.9484	.9450	.9413	.9375	.9332	.9291	.9247	.9199	.9151	.9098
44	.9765	.9748	.9728	.9708	.9687	.9664	.9641	.9616	.9588	.9559	.9530	.9497	.9463	.9426	.9388	.9348	.9304	.9261	.9215	.9165	.9115
45	.9775	.9756	.9739	.9718	.9697	.9675	.9652	.9627	.9601	.9572	.9541	.9510	.9476	.9440	.9402	.9362	.9321	.9275	.9230	.9182	.9130
46	.9784	.9767	.9748	.9730	.9708	.9686	.9663	.9638	.9613	.9586	.9555	.9522	.9490	.9454	.9416	.9377	.9336	.9292	.9245	.9198	.9148
47	.9793	.9776	.9759	.9739	.9720	.9698	.9674	.9650	.9624	.9598	.9569	.9537	.9503	.9469	.9432	.9392	.9351	.9308	.9263	.9214	.9164
48	.9803	.9786	.9769	.9750	.9730	.9710	.9686	.9662	.9637	.9610	.9582	.9552	.9518	.9482	.9447	.9408	.9367	.9324	.9280	.9232	.9180
49	.9811	.9796	.9779	.9761	.9742	.9720	.9699	.9675	.9650	.9623	.9595	.9565	.9534	.9498	.9461	.9424	.9384	.9341	.9297	.9250	.9200
50	.9820	.9805	.9790	.9772	.9752	.9733	.9710	.9688	.9663	.9636	.9608	.9579	.9548	.9515	.9478	.9439	.9401	.9359	.9314	.9268	.9218
51	.9828	.9814	.9798	.9782	.9764	.9744	.9723	.9699	.9676	.9650	.9622	.9592	.9562	.9529	.9495	.9456	.9416	.9376	.9332	.9286	.9237
52	.9838	.9823	.9808	.9792	.9775	.9755	.9734	.9713	.9688	.9664	.9636	.9607	.9576	.9544	.9510	.9474	.9434	.9392	.9351	.9305	.9256
53	.9847	.9832	.9817	.9801	.9784	.9767	.9746	.9725	.9702	.9676	.9651	.9622	.9591	.9559	.9525	.9490	.9453	.9411	.9368	.9324	.9276
54	.9854	.9842	.9827	.9811	.9794	.9776	.9758	.9737	.9714	.9690	.9663	.9637	.9606	.9575	.9541	.9506	.9469	.9430	.9387	.9342	.9296
55	.9862	.9850	.9836	.9821	.9804	.9787	.9768	.9749	.9727	.9703	.9678	.9650	.9622	.9591	.9558	.9523	.9486	.9448	.9407	.9362	.9314
56	.9870	.9858	.9844	.9831	.9814	.9797	.9779	.9760	.9740	.9716	.9692	.9666	.9636	.9607	.9574	.9540	.9504	.9465	.9425	.9383	.9336
57	.9878	.9866	.9852	.9839	.9825	.9808	.9790	.9770	.9751	.9730	.9705	.9680	.9652	.9622	.9592	.9557	.9521	.9484	.9444	.9402	.9357
58	.9884	.9874	.9861	.9848	.9833	.9818	.9800	.9782	.9762	.9741	.9719	.9694	.9667	.9638	.9606	.9575	.9540	.9502	.9462	.9421	.9377
59	.9891	.9880	.9870	.9856	.9842	.9827	.9812	.9793	.9773	.9753	.9731	.9708	.9682	.9654	.9624	.9591	.9558	.9521	.9482	.9441	.9397
60	.9897	.9887	.9876	.9865	.9851	.9836	.9821	.9804	.9785	.9765	.9743	.9720	.9697	.9670	.9640	.9610	.9575	.9541	.9502	.9461	.9418
61	.9904	.9894	.9883	.9872	.9860	.9845	.9830	.9814	.9797	.9777	.9756	.9734	.9710	.9685	.9657	.9626	.9594	.9555	.9523	.9482	.9440
62	.9911	.9901	.9890	.9879	.9867	.9855	.9840	.9824	.9807	.9790	.9769	.9747	.9724	.9699	.9674	.9644	.9612	.9579	.9541	.9504	.9462
63	.9916	.9908	.9897	.9886	.9874	.9862	.9850	.9834	.9818	.9800	.9782	.9761	.9738	.9714	.9688	.9662	.9630	.9597	.9562	.9523	.9484
64	.9922	.9914	.9905	.9894	.9882	.9870	.9858	.9845	.9828	.9812	.9794	.9775	.9752	.9729	.9704	.9677	.9649	.9616	.9582	.9546	.9505
65	.9927	.9919	.9911	.9902	.9890	.9879	.9866	.9853	.9840	.9823	.9806	.9787	.9768	.9744	.9719	.9693	.9665	.9636	.9602	.9567	.9529
66	.9931	.9925	.9917	.9908	.9899	.9887	.9875	.9862	.9849	.9835	.9818	.9800	.9780	.9760	.9736	.9710	.9682	.9654	.9623	.9588	.9552
67	.9937	.9929	.9923	.9914	.9906	.9896	.9884	.9872	.9859	.9845	.9830	.9812	.9794	.9773	.9752	.9727	.9700	.9672	.9642	.9610	.9574
68	.9941	.9935	.9927	.9921	.9912	.9904	.9894	.9882	.9869	.9855	.9841	.9826	.9807	.9787	.9766	.9744	.9718	.9690	.9661	.9630	.9598
69	.9945	.9940	.9934	.9926	.9920	.9911	.9902	.9892	.9879	.9866	.9852	.9836	.9821	.9801	.9781	.9759	.9736	.9710	.9681	.9650	.9618
70	.9950	.9944	.9939	.9933	.9925	.9918	.9909	.9900	.9889	.9876	.9862	.9848	.9832	.9816	.9796	.9775	.9752	.9729	.9701	.9671	.9640
71	.9954	.9949	.9944	.9938	.9932	.9923	.9916	.9907	.9897	.9887	.9873	.9859	.9844	.9828	.9811	.9790	.9768	.9746	.9721	.9692	.9662
72	.9959	.9954	.9948	.9943	.9937	.9930	.9922	.9915	.9905	.9895	.9884	.9870	.9855	.9840	.9823	.9806	.9784	.9762	.9738	.9713	.9683
73	.9963	.9958	.9953	.9947	.9941	.9935	.9929	.9920	.9912	.9903	.9892	.9881	.9867	.9852	.9836	.9819	.9801	.9779	.9756	.9731	.9705
74	.9965	.9962	.9957	.9952	.9946	.9940	.9934	.9928	.9918	.9911	.9901	.9890	.9878	.9864	.9848	.9832	.9814	.9796	.9773	.9750	.9724

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

50% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY	AGE OF RETIRED EMPLOYEE																				
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
35	.8993	.8934	.8870	.8802	.8732	.8661	.8587	.8504	.8424	.8341	.8249	.8160	.8062	.7965	.7861	.7752	.7647	.7535	.7420	.7302	.7185
36	.9018	.8955	.8894	.8827	.8758	.8685	.8611	.8534	.8449	.8366	.8279	.8184	.8091	.7989	.7890	.7781	.7670	.7563	.7447	.7329	.7208
37	.9044	.8981	.8916	.8853	.8784	.8712	.8637	.8560	.8480	.8391	.8305	.8215	.8116	.8020	.7914	.7811	.7700	.7586	.7477	.7358	.7236
38	.9067	.9008	.8943	.8876	.8811	.8739	.8664	.8587	.8507	.8424	.8331	.8242	.8148	.8045	.7946	.7837	.7731	.7617	.7501	.7388	.7265
39	.9090	.9032	.8972	.8905	.8835	.8767	.8693	.8615	.8535	.8452	.8365	.8270	.8176	.8079	.7972	.7869	.7758	.7649	.7533	.7414	.7296
40	.9115	.9057	.8997	.8935	.8865	.8792	.8723	.8645	.8565	.8481	.8394	.8304	.8205	.8108	.8007	.7897	.7792	.7677	.7566	.7446	.7323
41	.9141	.9083	.9023	.8961	.8896	.8824	.8749	.8676	.8597	.8512	.8425	.8335	.8241	.8138	.8037	.7933	.7821	.7712	.7596	.7481	.7357
42	.9169	.9110	.9050	.8988	.8924	.8857	.8782	.8704	.8629	.8545	.8458	.8367	.8273	.8175	.8069	.7965	.7858	.7743	.7632	.7511	.7393
43	.9198	.9140	.9079	.9017	.8953	.8886	.8816	.8739	.8657	.8579	.8492	.8401	.8307	.8209	.8108	.7998	.7892	.7782	.7663	.7549	.7424
44	.9223	.9171	.9110	.9047	.8983	.8916	.8846	.8774	.8693	.8609	.8527	.8436	.8342	.8244	.8143	.8039	.7926	.7816	.7703	.7582	.7463
45	.9254	.9196	.9142	.9079	.9014	.8948	.8879	.8807	.8731	.8646	.8559	.8473	.8379	.8281	.8179	.8075	.7968	.7852	.7740	.7624	.7498
46	.9283	.9230	.9170	.9113	.9048	.8981	.8911	.8839	.8764	.8685	.8598	.8507	.8417	.8320	.8218	.8113	.8006	.7896	.7777	.7661	.7540
47	.9313	.9259	.9204	.9143	.9084	.9016	.8946	.8874	.8799	.8720	.8638	.8547	.8452	.8360	.8258	.8153	.8046	.7936	.7822	.7700	.7579
48	.9343	.9290	.9235	.9178	.9114	.9053	.8983	.8910	.8835	.8756	.8675	.8590	.8494	.8396	.8300	.8195	.8088	.7977	.7864	.7746	.7619
49	.9369	.9322	.9267	.9210	.9152	.9084	.9021	.8948	.8872	.8794	.8712	.8627	.8538	.8440	.8338	.8239	.8131	.8020	.7906	.7789	.7668
50	.9396	.9349	.9300	.9243	.9184	.9123	.9054	.8987	.8911	.8832	.8751	.8666	.8578	.8485	.8383	.8278	.8176	.8065	.7951	.7833	.7712
51	.9425	.9377	.9328	.9278	.9219	.9157	.9094	.9021	.8952	.8873	.8791	.8706	.8618	.8526	.8430	.8325	.8217	.8111	.7997	.7879	.7757
52	.9453	.9406	.9357	.9306	.9254	.9193	.9129	.9062	.8997	.8915	.8832	.8748	.8659	.8567	.8472	.8373	.8265	.8154	.8045	.7927	.7805
53	.9483	.9437	.9388	.9336	.9284	.9229	.9166	.9098	.9030	.8951	.8876	.8790	.8701	.8610	.8515	.8417	.8315	.8204	.8089	.7976	.7854
54	.9508	.9467	.9418	.9367	.9315	.9259	.9202	.9136	.9067	.8995	.8913	.8835	.8746	.8655	.8559	.8461	.8360	.8255	.8140	.8021	.7905
55	.9533	.9492	.9450	.9399	.9346	.9291	.9234	.9175	.9105	.9033	.8958	.8874	.8792	.8700	.8606	.8508	.8406	.8302	.8193	.8074	.7951
56	.9559	.9518	.9476	.9432	.9379	.9324	.9266	.9207	.9145	.9073	.8998	.8920	.8832	.8748	.8653	.8555	.8454	.8349	.8242	.8129	.8006
57	.9586	.9544	.9502	.9458	.9412	.9357	.9300	.9240	.9178	.9114	.9040	.8961	.8881	.8790	.8702	.8605	.8503	.8399	.8291	.8179	.8062
58	.9607	.9572	.9529	.9486	.9439	.9392	.9335	.9276	.9213	.9149	.9082	.9005	.8923	.8840	.8746	.8656	.8555	.8450	.8342	.8230	.8113
59	.9628	.9593	.9558	.9513	.9468	.9420	.9370	.9311	.9249	.9184	.9118	.9048	.8968	.8885	.8798	.8701	.8608	.8503	.8395	.8283	.8167
60	.9649	.9615	.9579	.9542	.9496	.9449	.9399	.9348	.9287	.9222	.9155	.9086	.9014	.8931	.8845	.8755	.8655	.8559	.8450	.8338	.8222
61	.9672	.9637	.9602	.9565	.9526	.9478	.9430	.9378	.9324	.9261	.9194	.9125	.9054	.8979	.8894	.8804	.8711	.8608	.8508	.8396	.8279
62	.9696	.9661	.9625	.9588	.9550	.9510	.9460	.9410	.9356	.9301	.9235	.9166	.9095	.9021	.8944	.8856	.8762	.8666	.8559	.8455	.8340
63	.9713	.9685	.9649	.9613	.9574	.9535	.9493	.9442	.9390	.9334	.9277	.9210	.9139	.9065	.8988	.8907	.8816	.8720	.8620	.8509	.8402
64	.9730	.9704	.9675	.9638	.9600	.9560	.9519	.9476	.9424	.9370	.9313	.9254	.9184	.9111	.9034	.8954	.8870	.8775	.8676	.8573	.8459
65	.9749	.9722	.9695	.9665	.9627	.9588	.9547	.9504	.9461	.9406	.9351	.9292	.9231	.9159	.9082	.9003	.8919	.8832	.8734	.8632	.8526
66	.9762	.9742	.9714	.9686	.9656	.9616	.9576	.9535	.9490	.9446	.9390	.9332	.9271	.9207	.9132	.9053	.8970	.8884	.8795	.8694	.8588
67	.9782	.9756	.9735	.9707	.9677	.9647	.9607	.9565	.9522	.9477	.9430	.9373	.9313	.9250	.9183	.9105	.9023	.8938	.8849	.8758	.8653
68	.9796	.9777	.9750	.9728	.9700	.9670	.9638	.9597	.9555	.9511	.9464	.9415	.9355	.9293	.9227	.9159	.9078	.8994	.8907	.8815	.8720
69	.9811	.9792	.9772	.9745	.9724	.9694	.9663	.9630	.9588	.9545	.9499	.9451	.9400	.9338	.9273	.9205	.9134	.9051	.8965	.8875	.8781
70	.9826	.9808	.9789	.9769	.9741	.9719	.9689	.9657	.9623	.9579	.9534	.9486	.9437	.9384	.9320	.9254	.9184	.9111	.9026	.8937	.8843
71	.9843	.9824	.9805	.9786	.9765	.9737	.9714	.9682	.9650	.9615	.9570	.9523	.9474	.9423	.9369	.9302	.9234	.9162	.9087	.9000	.8908
72	.9857	.9840	.9822	.9802	.9782	.9761	.9731	.9707	.9675	.9642	.9605	.9559	.9511	.9461	.9408	.9353	.9285	.9215	.9140	.9063	.8972
73	.9872	.9854	.9837	.9817	.9798	.9777	.9756	.9725	.9700	.9667	.9633	.9596	.9549	.9499	.9448	.9393	.9336	.9266	.9194	.9118	.9038
74	.9880	.9869	.9852	.9833	.9814	.9793	.9772	.9751	.9719	.9695	.9661	.9625	.9587	.9539	.9488	.9435	.9378	.9320	.9249	.9175	.9096

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

75% of Optional Payment to Beneficiary

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY	AGE OF RETIRED EMPLOYEE																				
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
35	.8390	.8302	.8206	.8109	.8008	.7905	.7799	.7684	.7573	.7458	.7333	.7213	.7082	.6954	.6818	.6680	.6547	.6406	.6265	.6122	.5982
36	.8426	.8333	.8243	.8145	.8044	.7940	.7834	.7725	.7606	.7491	.7373	.7244	.7120	.6986	.6855	.6717	.6576	.6441	.6298	.6154	.6009
37	.8466	.8371	.8275	.8182	.8082	.7978	.7871	.7762	.7649	.7526	.7408	.7286	.7153	.7026	.6888	.6754	.6614	.6471	.6334	.6189	.6042
38	.8500	.8412	.8315	.8216	.8121	.8017	.7910	.7800	.7686	.7570	.7444	.7322	.7196	.7059	.6929	.6788	.6652	.6510	.6366	.6226	.6078
39	.8535	.8448	.8358	.8258	.8156	.8058	.7951	.7840	.7726	.7610	.7490	.7359	.7234	.7103	.6964	.6830	.6686	.6550	.6404	.6258	.6115
40	.8573	.8486	.8395	.8302	.8200	.8094	.7994	.7883	.7769	.7651	.7530	.7406	.7272	.7142	.7009	.6866	.6730	.6585	.6446	.6298	.6148
41	.8613	.8525	.8434	.8342	.8246	.8140	.8031	.7927	.7813	.7694	.7574	.7449	.7321	.7182	.7049	.6913	.6767	.6629	.6482	.6339	.6189
42	.8655	.8566	.8475	.8382	.8287	.8188	.8079	.7966	.7858	.7741	.7618	.7493	.7364	.7233	.7090	.6954	.6815	.6668	.6527	.6378	.6231
43	.8700	.8610	.8519	.8426	.8330	.8231	.8129	.8016	.7900	.7788	.7666	.7540	.7410	.7278	.7142	.6998	.6858	.6717	.6568	.6424	.6270
44	.8738	.8657	.8566	.8471	.8374	.8275	.8174	.8068	.7951	.7831	.7715	.7589	.7458	.7325	.7189	.7050	.6903	.6762	.6618	.6466	.6318
45	.8787	.8698	.8614	.8519	.8422	.8322	.8220	.8114	.8005	.7884	.7760	.7640	.7510	.7375	.7238	.7098	.6958	.6808	.6664	.6517	.6361
46	.8830	.8749	.8656	.8570	.8472	.8372	.8269	.8162	.8054	.7940	.7815	.7686	.7562	.7428	.7290	.7150	.7007	.6864	.6711	.6564	.6414
47	.8876	.8794	.8710	.8614	.8526	.8424	.8320	.8213	.8103	.7990	.7873	.7743	.7611	.7483	.7345	.7203	.7060	.6915	.6769	.6613	.6462
48	.8923	.8842	.8757	.8670	.8571	.8479	.8374	.8266	.8156	.8042	.7925	.7803	.7670	.7533	.7402	.7260	.7115	.6970	.6822	.6672	.6512
49	.8965	.8890	.8806	.8718	.8628	.8526	.8431	.8322	.8211	.8096	.7978	.7857	.7731	.7594	.7453	.7318	.7174	.7026	.6878	.6726	.6573
50	.9007	.8934	.8857	.8770	.8679	.8586	.8480	.8381	.8269	.8153	.8034	.7912	.7786	.7657	.7515	.7371	.7234	.7086	.6936	.6783	.6628
51	.9052	.8978	.8901	.8822	.8732	.8638	.8541	.8431	.8329	.8212	.8092	.7969	.7842	.7713	.7580	.7435	.7289	.7147	.6997	.6842	.6686
52	.9098	.9023	.8946	.8867	.8786	.8692	.8594	.8494	.8381	.8274	.8153	.8029	.7902	.7771	.7638	.7502	.7354	.7204	.7059	.6905	.6746
53	.9146	.9071	.8994	.8914	.8832	.8746	.8650	.8549	.8444	.8327	.8216	.8091	.7963	.7832	.7698	.7562	.7422	.7270	.7118	.6969	.6810
54	.9185	.9120	.9042	.8962	.8880	.8794	.8706	.8606	.8501	.8392	.8271	.8156	.8027	.7895	.7761	.7623	.7483	.7340	.7186	.7028	.6876
55	.9226	.9160	.9092	.9013	.8930	.8843	.8755	.8663	.8559	.8450	.8338	.8213	.8094	.7962	.7826	.7688	.7547	.7404	.7257	.7098	.6936
56	.9266	.9202	.9134	.9063	.8981	.8894	.8806	.8714	.8618	.8510	.8398	.8282	.8152	.8030	.7894	.7754	.7613	.7469	.7322	.7170	.7007
57	.9310	.9244	.9176	.9106	.9033	.8947	.8858	.8765	.8670	.8571	.8459	.8342	.8223	.8090	.7964	.7825	.7682	.7537	.7389	.7237	.7082
58	.9344	.9288	.9219	.9150	.9076	.9001	.8912	.8818	.8723	.8624	.8522	.8406	.8286	.8163	.8027	.7898	.7754	.7608	.7458	.7306	.7150
59	.9378	.9322	.9265	.9194	.9121	.9045	.8966	.8874	.8778	.8679	.8577	.8472	.8353	.8229	.8102	.7962	.7830	.7682	.7531	.7378	.7222
60	.9414	.9358	.9300	.9240	.9166	.9091	.9013	.8931	.8836	.8737	.8634	.8529	.8420	.8298	.8171	.8041	.7897	.7759	.7608	.7453	.7295
61	.9450	.9394	.9337	.9277	.9214	.9138	.9061	.8979	.8895	.8797	.8694	.8589	.8480	.8369	.8242	.8112	.7978	.7829	.7688	.7532	.7374
62	.9489	.9433	.9374	.9314	.9253	.9188	.9110	.9029	.8945	.8858	.8757	.8651	.8543	.8431	.8316	.8186	.8051	.7912	.7760	.7614	.7455
63	.9518	.9472	.9414	.9354	.9292	.9228	.9162	.9080	.8998	.8910	.8822	.8718	.8609	.8498	.8382	.8262	.8128	.7989	.7846	.7690	.7541
64	.9546	.9502	.9455	.9395	.9334	.9270	.9203	.9135	.9051	.8966	.8878	.8786	.8678	.8566	.8451	.8331	.8208	.8069	.7926	.7780	.7620
65	.9577	.9533	.9487	.9439	.9378	.9314	.9248	.9180	.9110	.9024	.8937	.8845	.8750	.8639	.8523	.8403	.8280	.8153	.8010	.7864	.7714
66	.9598	.9565	.9520	.9473	.9423	.9360	.9294	.9227	.9158	.9086	.8997	.8907	.8812	.8714	.8599	.8478	.8355	.8228	.8098	.7952	.7802
67	.9632	.9588	.9554	.9507	.9459	.9409	.9344	.9277	.9208	.9136	.9062	.8970	.8878	.8778	.8677	.8558	.8434	.8307	.8178	.8044	.7894
68	.9655	.9624	.9579	.9544	.9497	.9447	.9395	.9329	.9261	.9190	.9115	.9038	.8948	.8846	.8745	.8639	.8517	.8391	.8261	.8127	.7990
69	.9680	.9649	.9617	.9571	.9535	.9487	.9437	.9383	.9315	.9244	.9170	.9094	.9014	.8916	.8816	.8711	.8602	.8478	.8348	.8214	.8077
70	.9706	.9675	.9644	.9611	.9565	.9527	.9478	.9426	.9370	.9300	.9227	.9150	.9071	.8989	.8888	.8786	.8678	.8566	.8439	.8306	.8168
71	.9733	.9702	.9671	.9638	.9605	.9557	.9519	.9467	.9414	.9357	.9284	.9209	.9130	.9049	.8964	.8861	.8755	.8646	.8531	.8400	.8263
72	.9758	.9729	.9698	.9666	.9632	.9597	.9548	.9509	.9456	.9401	.9342	.9268	.9190	.9110	.9026	.8938	.8833	.8725	.8612	.8494	.8359
73	.9782	.9753	.9723	.9691	.9658	.9624	.9588	.9538	.9498	.9443	.9387	.9327	.9250	.9171	.9089	.9002	.8913	.8805	.8694	.8578	.8457
74	.9796	.9778	.9748	.9718	.9686	.9651	.9617	.9580	.9529	.9487	.9432	.9374	.9313	.9234	.9154	.9069	.8980	.8889	.8778	.8664	.8545

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

THE TIMKEN COMPANY
PENSION PLAN

50% of Optional Payment to Beneficiary

Applicable to Employees Who Have Elected Benefits Pursuant to Article III Section C

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF RETIRED EMPLOYEE																					
AGE OF BENEFICIARY	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
35	.8561	.8477	.8385	.8289	.8189	.8087	.7981	.7863	.7749	.7630	.7499	.7372	.7231	.7093	.6944	.6789	.6639	.6478	.6314	.6146	.5979
36	.8597	.8507	.8420	.8325	.8225	.8122	.8016	.7906	.7784	.7666	.7542	.7406	.7273	.7127	.6985	.6830	.6672	.6518	.6353	.6184	.6011
37	.8634	.8544	.8451	.8362	.8263	.8160	.8053	.7943	.7828	.7702	.7578	.7450	.7308	.7171	.7020	.6873	.6714	.6552	.6395	.6225	.6051
38	.8667	.8583	.8490	.8394	.8301	.8199	.8092	.7981	.7867	.7748	.7616	.7488	.7354	.7207	.7065	.6910	.6758	.6596	.6430	.6268	.6093
39	.8700	.8617	.8531	.8435	.8336	.8239	.8133	.8022	.7907	.7788	.7664	.7528	.7394	.7255	.7103	.6956	.6797	.6642	.6476	.6305	.6137
40	.8736	.8653	.8567	.8478	.8378	.8275	.8175	.8065	.7950	.7830	.7706	.7577	.7435	.7297	.7153	.6996	.6845	.6682	.6523	.6352	.6176
41	.8773	.8690	.8604	.8516	.8423	.8320	.8213	.8109	.7995	.7875	.7750	.7621	.7487	.7340	.7196	.7047	.6887	.6732	.6565	.6401	.6224
42	.8813	.8729	.8643	.8555	.8463	.8367	.8260	.8149	.8041	.7921	.7797	.7667	.7533	.7393	.7241	.7093	.6940	.6776	.6617	.6444	.6275
43	.8854	.8771	.8685	.8596	.8504	.8408	.8309	.8198	.8082	.7970	.7845	.7716	.7581	.7441	.7297	.7140	.6988	.6831	.6662	.6498	.6320
44	.8890	.8815	.8728	.8639	.8547	.8451	.8352	.8249	.8133	.8013	.7896	.7766	.7631	.7491	.7347	.7198	.7037	.6880	.6719	.6546	.6376
45	.8935	.8852	.8774	.8685	.8592	.8497	.8398	.8295	.8187	.8066	.7941	.7819	.7684	.7544	.7399	.7250	.7097	.6932	.6771	.6605	.6425
46	.8975	.8900	.8814	.8733	.8640	.8544	.8445	.8342	.8234	.8122	.7997	.7867	.7739	.7600	.7454	.7304	.7151	.6994	.6824	.6658	.6486
47	.9018	.8942	.8863	.8775	.8691	.8594	.8495	.8391	.8284	.8172	.8055	.7924	.7789	.7657	.7512	.7362	.7208	.7051	.6889	.6714	.6542
48	.9061	.8986	.8907	.8826	.8734	.8647	.8547	.8443	.8335	.8223	.8107	.7985	.7849	.7709	.7572	.7422	.7268	.7110	.6948	.6780	.6599
49	.9098	.9031	.8953	.8872	.8788	.8692	.8601	.8497	.8389	.8277	.8160	.8039	.7912	.7771	.7626	.7484	.7330	.7172	.7009	.6841	.6668
50	.9137	.9070	.9000	.8919	.8835	.8747	.8648	.8553	.8445	.8332	.8215	.8094	.7968	.7836	.7690	.7540	.7394	.7236	.7073	.6904	.6731
51	.9178	.9110	.9040	.8968	.8884	.8796	.8705	.8601	.8503	.8390	.8273	.8151	.8025	.7894	.7757	.7607	.7453	.7302	.7139	.6970	.6796
52	.9219	.9152	.9082	.9009	.8934	.8847	.8755	.8660	.8553	.8450	.8332	.8211	.8084	.7953	.7817	.7676	.7521	.7363	.7207	.7039	.6864
53	.9262	.9195	.9125	.9052	.8977	.8898	.8808	.8712	.8614	.8501	.8394	.8272	.8145	.8014	.7878	.7738	.7593	.7434	.7270	.7109	.6934
54	.9297	.9238	.9169	.9096	.9021	.8942	.8860	.8766	.8667	.8564	.8447	.8336	.8209	.8078	.7942	.7802	.7657	.7507	.7343	.7173	.7007
55	.9333	.9275	.9214	.9142	.9066	.8987	.8906	.8821	.8722	.8619	.8512	.8391	.8275	.8143	.8008	.7868	.7723	.7574	.7419	.7249	.7073
56	.9370	.9312	.9251	.9188	.9113	.9034	.8952	.8867	.8778	.8676	.8569	.8457	.8332	.8211	.8076	.7936	.7791	.7642	.7488	.7327	.7151
57	.9408	.9349	.9289	.9226	.9160	.9082	.9000	.8915	.8826	.8734	.8628	.8516	.8401	.8271	.8146	.8007	.7862	.7713	.7558	.7398	.7232
58	.9438	.9389	.9327	.9265	.9199	.9131	.9050	.8965	.8876	.8784	.8688	.8578	.8462	.8343	.8208	.8080	.7935	.7786	.7631	.7471	.7305
59	.9468	.9419	.9368	.9304	.9240	.9171	.9100	.9016	.8927	.8835	.8740	.8640	.8526	.8407	.8283	.8145	.8011	.7862	.7707	.7547	.7381
60	.9499	.9450	.9399	.9346	.9280	.9213	.9142	.9068	.8981	.8889	.8793	.8694	.8591	.8473	.8350	.8222	.8079	.7941	.7786	.7626	.7460
61	.9531	.9482	.9431	.9378	.9323	.9255	.9185	.9111	.9035	.8944	.8849	.8750	.8648	.8541	.8420	.8292	.8159	.8011	.7868	.7708	.7542
62	.9565	.9516	.9465	.9412	.9357	.9300	.9229	.9157	.9080	.9001	.8907	.8809	.8707	.8602	.8491	.8365	.8232	.8095	.7941	.7793	.7628
63	.9590	.9550	.9499	.9447	.9392	.9335	.9276	.9203	.9128	.9049	.8967	.8871	.8770	.8664	.8554	.8439	.8308	.8171	.8029	.7870	.7717
64	.9615	.9577	.9536	.9483	.9429	.9372	.9313	.9252	.9177	.9100	.9019	.8934	.8835	.8730	.8620	.8506	.8386	.8250	.8109	.7962	.7798
65	.9641	.9603	.9564	.9521	.9467	.9411	.9353	.9292	.9230	.9152	.9073	.8989	.8901	.8798	.8689	.8575	.8456	.8332	.8192	.8046	.7894
66	.9660	.9631	.9592	.9551	.9508	.9452	.9394	.9335	.9272	.9208	.9128	.9046	.8959	.8867	.8760	.8647	.8528	.8406	.8279	.8134	.7983
67	.9689	.9651	.9621	.9581	.9539	.9495	.9438	.9379	.9317	.9253	.9186	.9104	.9018	.8928	.8833	.8721	.8604	.8483	.8356	.8225	.8076
68	.9709	.9681	.9643	.9612	.9571	.9529	.9483	.9425	.9364	.9301	.9234	.9165	.9079	.8990	.8896	.8798	.8683	.8563	.8438	.8307	.8171
69	.9730	.9703	.9675	.9636	.9605	.9563	.9519	.9472	.9412	.9350	.9284	.9215	.9143	.9054	.8962	.8865	.8763	.8645	.8522	.8393	.8258
70	.9752	.9726	.9699	.9670	.9630	.9598	.9555	.9510	.9461	.9399	.9334	.9266	.9195	.9120	.9028	.8934	.8834	.8730	.8609	.8481	.8348
71	.9775	.9749	.9722	.9694	.9665	.9624	.9591	.9546	.9500	.9450	.9385	.9318	.9248	.9175	.9098	.9003	.8906	.8803	.8696	.8571	.8440
72	.9796	.9771	.9745	.9717	.9688	.9658	.9616	.9582	.9536	.9488	.9436	.9370	.9302	.9230	.9154	.9075	.8978	.8878	.8772	.8662	.8532
73	.9817	.9792	.9767	.9739	.9711	.9682	.9651	.9607	.9572	.9525	.9476	.9423	.9355	.9285	.9211	.9133	.9051	.8952	.8849	.8740	.8626
74	.9828	.9813	.9788	.9762	.9734	.9705	.9675	.9644	.9599	.9564	.9515	.9465	.9411	.9341	.9269	.9193	.9112	.9029	.8927	.8821	.8709

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

50% of Optional Payment to Beneficiary

Applicable to Employees Who Have Elected Benefits Pursuant to Article III Section C

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF BENEFICIARY		AGE OF RETIRED EMPLOYEE																				
		M: 50 F: 55	51 56	52 57	53 58	54 59	55 60	56 61	57 62	58 63	59 64	60 65	61 66	62 67	63 68	64 69	65 70	66 71	67 72	68 73	69 74	70 75
45	50	.9115	.9047	.8976	.8893	.8808	.8720	.8618	.8522	.8413	.8299	.8180	.8056	.7928	.7795	.7648	.7496	.7349	.7189	.7024	.6854	.6679
46	51	.9155	.9086	.9016	.8942	.8856	.8768	.8675	.8569	.8469	.8355	.8236	.8113	.7983	.7850	.7713	.7561	.7405	.7254	.7089	.6918	.6741
47	52	.9196	.9128	.9056	.8983	.8906	.8816	.8725	.8628	.8518	.8413	.8294	.8171	.8042	.7908	.7770	.7628	.7472	.7311	.7155	.6984	.6807
48	53	.9239	.9170	.9099	.9025	.8949	.8869	.8775	.8679	.8579	.8464	.8354	.8231	.8102	.7969	.7830	.7687	.7541	.7380	.7214	.7053	.6875
49	54	.9274	.9215	.9143	.9069	.8991	.8912	.8829	.8731	.8631	.8527	.8407	.8292	.8164	.8031	.7893	.7749	.7603	.7452	.7286	.7114	.6946
50	55	.9311	.9251	.9183	.9114	.9037	.8956	.8873	.8787	.8685	.8581	.8472	.8347	.8228	.8095	.7958	.7815	.7667	.7515	.7360	.7187	.7009
51	56	.9348	.9288	.9225	.9161	.9083	.9003	.8919	.8833	.8742	.8636	.8528	.8414	.8285	.8151	.8024	.7882	.7735	.7582	.7425	.7263	.7085
52	57	.9387	.9326	.9264	.9199	.9131	.9050	.8967	.8879	.8789	.8695	.8584	.8472	.8354	.8220	.8093	.7951	.7804	.7652	.7494	.7331	.7164
53	58	.9416	.9366	.9303	.9238	.9170	.9100	.9016	.8929	.8838	.8744	.8646	.8531	.8414	.8292	.8154	.8022	.7876	.7724	.7566	.7402	.7233
54	59	.9447	.9396	.9344	.9278	.9211	.9140	.9067	.8979	.8890	.8794	.8697	.8595	.8476	.8355	.8229	.8086	.7949	.7798	.7641	.7477	.7307
55	60	.9478	.9428	.9375	.9320	.9252	.9182	.9109	.9033	.8941	.8848	.8749	.8648	.8542	.8419	.8295	.8164	.8016	.7874	.7717	.7555	.7386
56	61	.9512	.9460	.9408	.9352	.9296	.9225	.9152	.9076	.8997	.8902	.8806	.8703	.8599	.8489	.8362	.8233	.8097	.7944	.7797	.7635	.7466
57	62	.9546	.9495	.9441	.9387	.9329	.9270	.9197	.9121	.9042	.8960	.8862	.8763	.8657	.8549	.8435	.8303	.8169	.8028	.7869	.7717	.7550
58	63	.9569	.9530	.9477	.9421	.9365	.9305	.9244	.9168	.9090	.9008	.8924	.8829	.8720	.8610	.8498	.8379	.8242	.8103	.7957	.7794	.7636
59	64	.9596	.9555	.9514	.9459	.9401	.9344	.9281	.9218	.9140	.9059	.8975	.8887	.8783	.8676	.8562	.8445	.8322	.8179	.8036	.7886	.7717
60	65	.9624	.9583	.9540	.9498	.9441	.9382	.9322	.9258	.9193	.9112	.9029	.8942	.8851	.8743	.8632	.8512	.8391	.8264	.8117	.7969	.7814
61	66	.9641	.9612	.9570	.9526	.9483	.9424	.9363	.9302	.9236	.9169	.9086	.9000	.8909	.8815	.8701	.8586	.8462	.8337	.8206	.8054	.7902
62	67	.9670	.9631	.9601	.9558	.9513	.9468	.9409	.9346	.9283	.9215	.9146	.9059	.8970	.8875	.8777	.8659	.8540	.8413	.8284	.8148	.7991
63	68	.9692	.9663	.9622	.9592	.9548	.9501	.9456	.9395	.9330	.9265	.9194	.9122	.9032	.8939	.8841	.8739	.8618	.8495	.8364	.8231	.8090
64	69	.9714	.9686	.9656	.9615	.9584	.9539	.9491	.9444	.9381	.9314	.9246	.9173	.9098	.9005	.8908	.8806	.8701	.8577	.8451	.8315	.8178
65	70	.9737	.9710	.9681	.9650	.9608	.9576	.9530	.9480	.9432	.9366	.9297	.9227	.9150	.9073	.8977	.8877	.8773	.8665	.8536	.8406	.8266
66	71	.9760	.9734	.9706	.9676	.9644	.9601	.9568	.9520	.9468	.9418	.9351	.9279	.9207	.9128	.9048	.8949	.8847	.8739	.8628	.8495	.8361
67	72	.9783	.9756	.9729	.9700	.9669	.9637	.9592	.9558	.9509	.9455	.9403	.9334	.9260	.9186	.9104	.9022	.8920	.8815	.8704	.8589	.8452
68	73	.9806	.9778	.9751	.9723	.9693	.9662	.9628	.9582	.9547	.9496	.9441	.9388	.9317	.9241	.9165	.9080	.8996	.8891	.8783	.8669	.8550
69	74	.9817	.9802	.9773	.9745	.9717	.9687	.9654	.9620	.9573	.9537	.9485	.9428	.9374	.9301	.9223	.9144	.9058	.8971	.8863	.8752	.8634
70	75	.9829	.9815	.9799	.9770	.9741	.9712	.9682	.9649	.9613	.9566	.9529	.9476	.9417	.9362	.9287	.9206	.9126	.9036	.8947	.8837	.8723
71	76	.9853	.9828	.9813	.9797	.9768	.9739	.9710	.9678	.9645	.9608	.9560	.9522	.9468	.9408	.9351	.9274	.9191	.9109	.9017	.8926	.8813
72	77	.9866	.9853	.9827	.9812	.9796	.9766	.9737	.9707	.9676	.9641	.9604	.9554	.9516	.9460	.9398	.9340	.9261	.9177	.9093	.9000	.8907
73	78	.9878	.9866	.9852	.9827	.9811	.9795	.9765	.9734	.9705	.9672	.9637	.9599	.9549	.9509	.9452	.9389	.9330	.9250	.9164	.9080	.8985
74	79	.9890	.9878	.9865	.9852	.9826	.9810	.9794	.9763	.9732	.9702	.9669	.9634	.9595	.9544	.9503	.9446	.9381	.9322	.9242	.9154	.9069
75	80	.9904	.9890	.9878	.9865	.9851	.9826	.9810	.9793	.9762	.9731	.9701	.9668	.9631	.9592	.9541	.9500	.9442	.9377	.9317	.9237	.9149

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

**THE TIMKEN COMPANY
PENSION PLAN**

50% of Optional Payment to Beneficiary

Applicable to Employees Who Have Elected Benefits Pursuant to Article III Section C

Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Beneficiary

AGE OF RETIRED EMPLOYEE																					
AGE OF BENEFICIARY	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70
35	.8561	.8477	.8385	.8289	.8189	.8087	.7981	.7863	.7749	.7630	.7499	.7372	.7231	.7093	.6944	.6789	.6639	.6478	.6314	.6146	.5979
36	.8597	.8507	.8420	.8325	.8225	.8122	.8016	.7906	.7784	.7666	.7542	.7406	.7273	.7127	.6985	.6830	.6672	.6518	.6353	.6184	.6011
37	.8634	.8544	.8451	.8362	.8263	.8160	.8053	.7943	.7828	.7702	.7578	.7450	.7308	.7171	.7020	.6873	.6714	.6552	.6395	.6225	.6051
38	.8667	.8583	.8490	.8394	.8301	.8199	.8092	.7981	.7867	.7748	.7616	.7488	.7354	.7207	.7065	.6910	.6758	.6596	.6430	.6268	.6093
39	.8700	.8617	.8531	.8435	.8336	.8239	.8133	.8022	.7907	.7788	.7664	.7528	.7394	.7255	.7103	.6956	.6797	.6642	.6476	.6305	.6137
40	.8736	.8653	.8567	.8478	.8378	.8275	.8175	.8065	.7950	.7830	.7706	.7577	.7435	.7297	.7153	.6996	.6845	.6682	.6523	.6352	.6176
41	.8773	.8690	.8604	.8516	.8423	.8320	.8213	.8109	.7995	.7875	.7750	.7621	.7487	.7349	.7196	.7047	.6887	.6732	.6565	.6401	.6224
42	.8813	.8729	.8643	.8555	.8463	.8367	.8260	.8149	.8041	.7921	.7797	.7667	.7533	.7393	.7241	.7093	.6940	.6776	.6617	.6444	.6275
43	.8854	.8771	.8685	.8596	.8504	.8408	.8309	.8198	.8082	.7970	.7845	.7716	.7581	.7441	.7297	.7140	.6988	.6831	.6662	.6498	.6320
44	.8890	.8815	.8728	.8639	.8547	.8451	.8352	.8249	.8133	.8013	.7896	.7766	.7631	.7491	.7347	.7198	.7037	.6880	.6719	.6546	.6376
45	.8935	.8852	.8774	.8685	.8592	.8497	.8398	.8295	.8187	.8066	.7941	.7819	.7684	.7544	.7399	.7250	.7097	.6932	.6771	.6605	.6425
46	.8975	.8900	.8814	.8733	.8640	.8544	.8445	.8342	.8234	.8122	.7997	.7867	.7739	.7600	.7454	.7304	.7151	.6994	.6824	.6658	.6486
47	.9018	.8942	.8863	.8775	.8691	.8594	.8495	.8391	.8284	.8172	.8055	.7924	.7789	.7657	.7512	.7362	.7208	.7051	.6889	.6714	.6542
48	.9061	.8986	.8907	.8826	.8734	.8647	.8547	.8443	.8335	.8223	.8107	.7985	.7849	.7709	.7572	.7422	.7268	.7110	.6948	.6780	.6599
49	.9098	.9031	.8953	.8872	.8788	.8692	.8601	.8497	.8389	.8277	.8160	.8039	.7912	.7771	.7626	.7484	.7330	.7172	.7009	.6841	.6668
50	.9137	.9070	.9000	.8919	.8835	.8747	.8648	.8553	.8445	.8332	.8215	.8094	.7968	.7836	.7690	.7540	.7394	.7236	.7073	.6904	.6731
51	.9178	.9110	.9040	.8968	.8884	.8796	.8705	.8601	.8503	.8390	.8273	.8151	.8025	.7894	.7757	.7607	.7453	.7302	.7139	.6970	.6796
52	.9219	.9152	.9082	.9009	.8934	.8847	.8755	.8660	.8553	.8450	.8332	.8211	.8084	.7953	.7817	.7676	.7521	.7363	.7207	.7039	.6864
53	.9262	.9195	.9125	.9052	.8977	.8898	.8808	.8712	.8614	.8501	.8394	.8272	.8145	.8014	.7878	.7738	.7593	.7434	.7270	.7109	.6934
54	.9297	.9238	.9169	.9096	.9021	.8942	.8860	.8766	.8667	.8564	.8447	.8336	.8209	.8078	.7942	.7802	.7657	.7507	.7343	.7173	.7007
55	.9333	.9275	.9214	.9142	.9066	.8987	.8906	.8821	.8722	.8619	.8512	.8391	.8275	.8143	.8008	.7868	.7723	.7574	.7419	.7249	.7073
56	.9370	.9312	.9251	.9188	.9113	.9034	.8952	.8867	.8778	.8676	.8569	.8457	.8332	.8211	.8076	.7936	.7791	.7642	.7488	.7327	.7151
57	.9408	.9349	.9289	.9226	.9160	.9082	.9000	.8915	.8826	.8734	.8628	.8516	.8401	.8271	.8146	.8007	.7862	.7713	.7558	.7398	.7232
58	.9438	.9379	.9327	.9265	.9199	.9131	.9050	.8965	.8876	.8784	.8688	.8578	.8462	.8343	.8208	.8068	.7935	.7786	.7631	.7471	.7305
59	.9468	.9419	.9368	.9304	.9240	.9171	.9100	.9016	.8927	.8835	.8740	.8640	.8526	.8407	.8283	.8145	.8011	.7862	.7707	.7547	.7381
60	.9499	.9450	.9399	.9346	.9280	.9213	.9142	.9068	.8981	.8889	.8793	.8694	.8591	.8473	.8350	.8222	.8079	.7941	.7786	.7626	.7460
61	.9531	.9482	.9431	.9378	.9323	.9255	.9185	.9111	.9035	.8944	.8849	.8750	.8648	.8541	.8420	.8292	.8159	.8011	.7868	.7708	.7542
62	.9565	.9516	.9465	.9412	.9357	.9300	.9229	.9157	.9080	.9001	.8907	.8809	.8707	.8602	.8491	.8365	.8232	.8095	.7941	.7793	.7628
63	.9599	.9550	.9499	.9447	.9392	.9335	.9276	.9203	.9128	.9049	.8967	.8871	.8770	.8664	.8554	.8439	.8308	.8171	.8029	.7870	.7717
64	.9615	.9577	.9536	.9483	.9429	.9372	.9313	.9252	.9177	.9100	.9019	.8934	.8835	.8730	.8620	.8506	.8386	.8250	.8109	.7962	.7798
65	.9641	.9603	.9564	.9521	.9467	.9411	.9353	.9292	.9230	.9152	.9073	.8989	.8901	.8798	.8689	.8575	.8456	.8332	.8192	.8046	.7894
66	.9666	.9631	.9592	.9551	.9508	.9452	.9394	.9335	.9272	.9208	.9128	.9046	.8959	.8867	.8760	.8647	.8528	.8406	.8279	.8134	.7983
67	.9699	.9661	.9621	.9581	.9539	.9495	.9438	.9379	.9317	.9253	.9186	.9104	.9018	.8928	.8833	.8721	.8604	.8483	.8356	.8225	.8076
68	.9709	.9681	.9643	.9612	.9571	.9529	.9483	.9425	.9364	.9301	.9234	.9165	.9097	.8990	.8896	.8798	.8683	.8563	.8438	.8307	.8171
69	.9730	.9703	.9675	.9636	.9605	.9563	.9519	.9472	.9412	.9350	.9284	.9215	.9143	.9054	.8962	.8865	.8763	.8645	.8522	.8393	.8258
70	.9752	.9726	.9699	.9670	.9630	.9598	.9555	.9510	.9461	.9399	.9334	.9266	.9195	.9120	.9028	.8934	.8834	.8730	.8609	.8481	.8348
71	.9775	.9749	.9722	.9694	.9665	.9624	.9591	.9546	.9500	.9450	.9385	.9318	.9248	.9175	.9098	.9003	.8906	.8803	.8696	.8571	.8440
72	.9796	.9771	.9745	.9717	.9688	.9658	.9616	.9582	.9536	.9488	.9436	.9370	.9302	.9230	.9154	.9075	.8978	.8878	.8772	.8662	.8532
73	.9817	.9792	.9767	.9739	.9711	.9682	.9651	.9607	.9572	.9525	.9476	.9423	.9355	.9285	.9211	.9133	.9051	.8952	.8849	.8740	.8626
74	.9828	.9813	.9788	.9762	.9734	.9705	.9675	.9644	.9599	.9564	.9515	.9465	.9411	.9341	.9269	.9193	.9112	.9029	.8927	.8821	.8709

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

THE TIMKEN COMPANY
PENSION PLAN

50% of Optional Payment to Spouse (with pop-up)
Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service Prior to August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Spouse

AGE OF SPOUSE		AGE OF RETIRED EMPLOYEE																											
		M:	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	
M	F	F:	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75	76	77	78	79	80	
45	50		0.9318	0.9269	0.9220	0.9159	0.9099	0.9037	0.8963	0.8895	0.8818	0.8737	0.8653	0.8566	0.8478	0.8388	0.8283	0.8177	0.8079	0.7968	0.7853	0.7735	0.7616	0.7494	0.7356	0.7231	0.7104	0.6961	
46	51		0.9343	0.9293	0.9243	0.9191	0.9129	0.9066	0.9000	0.8923	0.8853	0.8772	0.8688	0.8601	0.8510	0.8418	0.8326	0.8218	0.8109	0.8009	0.7893	0.7775	0.7652	0.7530	0.7406	0.7265	0.7138	0.7009	
47	52		0.9369	0.9319	0.9267	0.9215	0.9161	0.9096	0.9031	0.8962	0.8881	0.8809	0.8723	0.8636	0.8545	0.8452	0.8357	0.8262	0.8151	0.8039	0.7935	0.7815	0.7693	0.7567	0.7442	0.7316	0.7173	0.7043	
48	53		0.9397	0.9346	0.9294	0.9240	0.9185	0.9129	0.9061	0.8993	0.8921	0.8837	0.8751	0.8663	0.8572	0.8480	0.8391	0.8294	0.8197	0.8083	0.7966	0.7859	0.7735	0.7609	0.7481	0.7353	0.7225	0.7078	
49	54		0.9418	0.9375	0.9321	0.9267	0.9210	0.9154	0.9095	0.9024	0.8953	0.8878	0.8790	0.8620	0.8526	0.8429	0.8330	0.8230	0.8129	0.8011	0.7890	0.7779	0.7652	0.7523	0.7393	0.7262	0.7131		
50	55		0.9441	0.9396	0.9351	0.9295	0.9238	0.9180	0.9120	0.9059	0.8994	0.8910	0.8832	0.8741	0.8659	0.8564	0.8468	0.8368	0.8267	0.8163	0.8058	0.7936	0.7811	0.7698	0.7568	0.7437	0.7303	0.7170	
51	56		0.9464	0.9419	0.9372	0.9325	0.9267	0.9208	0.9147	0.9084	0.9021	0.8942	0.8865	0.8785	0.8690	0.8605	0.8508	0.8409	0.8307	0.8201	0.8094	0.7985	0.7859	0.7721	0.7614	0.7482	0.7348	0.7211	
52	57		0.9489	0.9443	0.9396	0.9347	0.9288	0.9227	0.9175	0.9111	0.9047	0.8979	0.8898	0.8818	0.8735	0.8637	0.8550	0.8450	0.8348	0.8242	0.8132	0.8020	0.7908	0.7780	0.7649	0.7530	0.7395	0.7257	
53	58		0.9506	0.9469	0.9420	0.9371	0.9320	0.9269	0.9205	0.9140	0.9073	0.9006	0.8937	0.8853	0.8769	0.8684	0.8583	0.8494	0.8391	0.8284	0.8174	0.8060	0.7946	0.7831	0.7699	0.7565	0.7444	0.7306	
54	59		0.9525	0.9486	0.9446	0.9395	0.9344	0.9291	0.9238	0.9171	0.9104	0.9034	0.8964	0.8892	0.8805	0.8720	0.8632	0.8528	0.8436	0.8328	0.8217	0.8103	0.7986	0.7869	0.7752	0.7617	0.7480	0.7356	
55	60		0.9544	0.9505	0.9463	0.9423	0.9369	0.9315	0.9260	0.9204	0.9135	0.9066	0.8993	0.8921	0.8846	0.8757	0.8669	0.8578	0.8471	0.8374	0.8263	0.8149	0.8031	0.7911	0.7791	0.7672	0.7533	0.7394	
56	61		0.9566	0.9524	0.9483	0.9439	0.9397	0.9341	0.9285	0.9228	0.9170	0.9097	0.9026	0.8950	0.8877	0.8800	0.8708	0.8617	0.8522	0.8410	0.8310	0.8195	0.8078	0.7958	0.7835	0.7712	0.7589	0.7449	
57	62		0.9589	0.9546	0.9503	0.9460	0.9415	0.9370	0.9312	0.9254	0.9194	0.9133	0.9059	0.8985	0.8907	0.8832	0.8753	0.8657	0.8562	0.8464	0.8347	0.8244	0.8127	0.8006	0.7883	0.7757	0.7631	0.7507	
58	63		0.9602	0.9570	0.9526	0.9481	0.9436	0.9388	0.9342	0.9282	0.9222	0.9159	0.9097	0.9020	0.8944	0.8865	0.8786	0.8704	0.8604	0.8506	0.8404	0.8284	0.8178	0.8058	0.7934	0.7808	0.7679	0.7550	
59	64		0.9619	0.9584	0.9551	0.9505	0.9458	0.9411	0.9362	0.9313	0.9251	0.9189	0.9125	0.9061	0.8982	0.8903	0.8820	0.8738	0.8653	0.8548	0.8447	0.8343	0.8220	0.8111	0.7988	0.7861	0.7732	0.7600	
60	65		0.9637	0.9602	0.9565	0.9531	0.9483	0.9434	0.9385	0.9334	0.9285	0.9221	0.9157	0.9091	0.9025	0.8942	0.8860	0.8774	0.8688	0.8599	0.8492	0.8389	0.8282	0.8155	0.8043	0.7917	0.7787	0.7656	
61	66		0.9644	0.9621	0.9584	0.9546	0.9511	0.9462	0.9410	0.9361	0.9308	0.9257	0.9192	0.9125	0.9056	0.8988	0.8901	0.8816	0.8726	0.8638	0.8547	0.8436	0.8320	0.8220	0.8090	0.7975	0.7845	0.7715	
62	67		0.9665	0.9629	0.9605	0.9567	0.9528	0.9492	0.9441	0.9388	0.9337	0.9283	0.9230	0.9161	0.9092	0.9021	0.8949	0.8859	0.8771	0.8678	0.8587	0.8494	0.8380	0.8271	0.8158	0.8025	0.7906	0.7776	
63	68		0.9678	0.9652	0.9615	0.9590	0.9551	0.9511	0.9473	0.9420	0.9366	0.9313	0.9257	0.9201	0.9130	0.9058	0.8983	0.8909	0.8816	0.8726	0.8630	0.8537	0.8440	0.8323	0.8212	0.8095	0.7960	0.7840	
64	69		0.9693	0.9667	0.9640	0.9601	0.9576	0.9536	0.9494	0.9455	0.9400	0.9343	0.9288	0.9229	0.9172	0.9097	0.9022	0.8945	0.8869	0.8774	0.8681	0.8582	0.8486	0.8387	0.8266	0.8152	0.8034	0.7897	
65	70		0.9709	0.9683	0.9656	0.9628	0.9588	0.9562	0.9520	0.9476	0.9436	0.9378	0.9319	0.9262	0.9200	0.9141	0.9063	0.8986	0.8907	0.8829	0.8730	0.8635	0.8533	0.8435	0.8333	0.8209	0.8094	0.7975	
66	71		0.9726	0.9700	0.9672	0.9644	0.9616	0.9574	0.9546	0.9503	0.9457	0.9415	0.9355	0.9293	0.9234	0.9171	0.9110	0.9030	0.8951	0.8869	0.8788	0.8686	0.8588	0.8483	0.8382	0.8279	0.8153	0.8037	
67	72		0.9744	0.9716	0.9689	0.9661	0.9631	0.9601	0.9557	0.9528	0.9483	0.9435	0.9392	0.9330	0.9266	0.9206	0.9139	0.9077	0.8995	0.8913	0.8829	0.8746	0.8641	0.8541	0.8433	0.8331	0.8226	0.8099	
68	73		0.9764	0.9733	0.9704	0.9675	0.9646	0.9616	0.9584	0.9559	0.9509	0.9462	0.9412	0.9368	0.9304	0.9238	0.9176	0.9108	0.9043	0.8958	0.8874	0.8788	0.8702	0.8594	0.8493	0.8383	0.8281	0.8176	
69	74		0.9769	0.9754	0.9721	0.9691	0.9662	0.9631	0.9600	0.9567	0.9521	0.9490	0.9441	0.9390	0.9344	0.9279	0.9210	0.9147	0.9076	0.9010	0.8922	0.8836	0.8747	0.8660	0.8550	0.8447	0.8337	0.8235	
70	75		0.9775	0.9760	0.9744	0.9711	0.9679	0.9649	0.9618	0.9585	0.9551	0.9504	0.9472	0.9422	0.9369	0.9322	0.9255	0.9184	0.9118	0.9045	0.8977	0.8887	0.8800	0.8709	0.8620	0.8510	0.8408	0.8297	
71	76		0.9800	0.9768	0.9752	0.9733	0.9702	0.9669	0.9638	0.9606	0.9572	0.9537	0.9488	0.9455	0.9404	0.9348	0.9301	0.9231	0.9158	0.9090	0.9015	0.8946	0.8855	0.8766	0.8675	0.8586	0.8475	0.8374	
72	77		0.9809	0.9794	0.9761	0.9745	0.9728	0.9692	0.9658	0.9627	0.9594	0.9559	0.9523	0.9472	0.9439	0.9385	0.9328	0.9279	0.9207	0.9132	0.9063	0.8987	0.8917	0.8825	0.8736	0.8645	0.8556	0.8446	
73	78		0.9819	0.9803	0.9787	0.9754	0.9737	0.9719	0.9682	0.9648	0.9615	0.9581	0.9545	0.9507	0.9455	0.9421	0.9367	0.9307	0.9257	0.9185	0.9108	0.9040	0.8962	0.8892	0.8800	0.8711	0.8620	0.8531	
74	79		0.9829	0.9813	0.9797	0.9781	0.9747	0.9728	0.9710	0.9672	0.9636	0.9603	0.9568	0.9531	0.9482	0.9439	0.9404	0.9348	0.9288	0.9238	0.9165	0.9087	0.9019	0.8941	0.8872	0.8780	0.8691	0.8600	
75	80		0.9843	0.9823	0.9807	0.9791	0.9774	0.9739	0.9720	0.9702	0.9663	0.9626	0.9592	0.9556	0.9518	0.9479	0.9425	0.9390	0.9334	0.9272	0.9223	0.9150	0.9072	0.9004	0.8926	0.8857	0.8765	0.8677	
76	81		0.9859	0.9839	0.9818	0.9802	0.9786	0.9768	0.9733	0.9714	0.9695	0.9655	0.9617	0.9584	0.9548	0.9509	0.9469	0.9415	0.9381	0.9324	0.9262	0.9213	0.9140	0.9062	0.8995	0.8916	0.8849	0.8757	
77	82		0.9857	0.9857	0.9836	0.9815	0.9799	0.9782	0.9765	0.9729	0.9710	0.9691	0.9650	0.9612	0.9579	0.9543	0.9504	0.9464	0.9410	0.9376	0.9319	0.9257	0.9208	0.9136	0.9058	0.8991	0.8913	0.8845	
78	83		0.9875	0.9855	0.9855	0.9835	0.9813	0.9797	0.9780	0.9763	0.9727	0.9708	0.9689	0.9648	0.9610	0.9577	0.9541	0.9503	0.9462	0.9409	0.9374	0.9318	0.9255	0.9208	0.9136	0.9058	0.8992	0.8914	

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

THE TIMKEN COMPANY
PENSION PLAN

50% of Optional Payment to Spouse (with pop-up)
Table of Percentages to be Applied Against That Portion of the Net Company Pension for Service on or After August 1, 1983
to Determine Amount of Optional Pension Payments Payable to Pensioner and Spouse

AGE OF SPOUSE	AGE OF RETIRED EMPLOYEE																									
	50	51	52	53	54	55	56	57	58	59	60	61	62	63	64	65	66	67	68	69	70	71	72	73	74	75
45	0.9201	0.9141	0.9087	0.9024	0.8958	0.8891	0.8821	0.8750	0.8676	0.8590	0.8501	0.8419	0.8324	0.8226	0.8126	0.8023	0.7918	0.7801	0.7691	0.7578	0.7450	0.7333	0.7201	0.7080	0.6945	0.6808
46	0.9226	0.9173	0.9110	0.9054	0.8988	0.8920	0.8850	0.8779	0.8704	0.8627	0.8537	0.8445	0.8359	0.8261	0.8160	0.8056	0.7951	0.7843	0.7722	0.7610	0.7493	0.7362	0.7242	0.7108	0.6984	0.6846
47	0.9252	0.9199	0.9143	0.9079	0.9021	0.8952	0.8881	0.8808	0.8733	0.8656	0.8575	0.8482	0.8387	0.8297	0.8196	0.8092	0.7985	0.7878	0.7767	0.7642	0.7525	0.7405	0.7271	0.7150	0.7012	0.6886
48	0.9280	0.9227	0.9171	0.9113	0.9046	0.8986	0.8914	0.8840	0.8765	0.8686	0.8606	0.8521	0.8425	0.8326	0.8223	0.8129	0.8023	0.7913	0.7802	0.7687	0.7558	0.7439	0.7316	0.7180	0.7056	0.6916
49	0.9303	0.9255	0.9199	0.9141	0.9081	0.9012	0.8949	0.8874	0.8797	0.8718	0.8636	0.8552	0.8465	0.8365	0.8263	0.8167	0.8061	0.7951	0.7839	0.7724	0.7605	0.7473	0.7351	0.7226	0.7087	0.6961
50	0.9327	0.9278	0.9229	0.9171	0.9110	0.9048	0.8976	0.8910	0.8832	0.8752	0.8669	0.8585	0.8497	0.8407	0.8303	0.8198	0.8091	0.7991	0.7878	0.7761	0.7642	0.7521	0.7386	0.7262	0.7134	0.6992
51	0.9352	0.9303	0.9252	0.9201	0.9141	0.9078	0.9013	0.8937	0.8869	0.8788	0.8704	0.8618	0.8530	0.8440	0.8347	0.8240	0.8132	0.8032	0.7919	0.7801	0.7681	0.7559	0.7435	0.7297	0.7170	0.7040
52	0.9378	0.9329	0.9278	0.9226	0.9173	0.9110	0.9044	0.8976	0.8898	0.8825	0.8741	0.8655	0.8565	0.8474	0.8381	0.8284	0.8176	0.8065	0.7960	0.7843	0.7722	0.7599	0.7474	0.7348	0.7207	0.7078
53	0.9406	0.9357	0.9304	0.9252	0.9197	0.9142	0.9076	0.9007	0.8937	0.8854	0.8780	0.8692	0.8602	0.8510	0.8415	0.8320	0.8221	0.8109	0.7994	0.7886	0.7766	0.7641	0.7515	0.7388	0.7259	0.7115
54	0.9427	0.9385	0.9333	0.9278	0.9224	0.9167	0.9109	0.9040	0.8968	0.8895	0.8809	0.8732	0.8641	0.8548	0.8452	0.8356	0.8258	0.8156	0.8039	0.7920	0.7809	0.7685	0.7558	0.7430	0.7299	0.7168
55	0.9450	0.9406	0.9362	0.9308	0.9251	0.9194	0.9134	0.9074	0.9002	0.8927	0.8851	0.8762	0.8681	0.8587	0.8492	0.8394	0.8295	0.8193	0.8088	0.7967	0.7844	0.7720	0.7603	0.7474	0.7342	0.7209
56	0.9473	0.9429	0.9383	0.9337	0.9280	0.9222	0.9161	0.9099	0.9036	0.8962	0.8884	0.8804	0.8712	0.8629	0.8533	0.8434	0.8333	0.8231	0.8125	0.8016	0.7892	0.7766	0.7649	0.7520	0.7388	0.7253
57	0.9498	0.9452	0.9406	0.9359	0.9311	0.9251	0.9189	0.9127	0.9063	0.8997	0.8919	0.8839	0.8756	0.8661	0.8576	0.8477	0.8375	0.8271	0.8164	0.8055	0.7943	0.7815	0.7687	0.7560	0.7435	0.7299
58	0.9515	0.9478	0.9430	0.9383	0.9333	0.9282	0.9220	0.9156	0.9091	0.9024	0.8955	0.8874	0.8791	0.8706	0.8609	0.8522	0.8419	0.8313	0.8205	0.8095	0.7983	0.7867	0.7737	0.7605	0.7484	0.7348
59	0.9533	0.9495	0.9456	0.9406	0.9357	0.9304	0.9252	0.9187	0.9121	0.9052	0.8983	0.8912	0.8829	0.8744	0.8656	0.8556	0.8465	0.8359	0.8249	0.8137	0.8023	0.7908	0.7790	0.7657	0.7522	0.7398
60	0.9553	0.9514	0.9474	0.9433	0.9381	0.9329	0.9275	0.9220	0.9153	0.9083	0.9012	0.8941	0.8868	0.8783	0.8695	0.8604	0.8500	0.8406	0.8295	0.8182	0.8067	0.7951	0.7833	0.7712	0.7576	0.7438
61	0.9574	0.9534	0.9493	0.9451	0.9409	0.9354	0.9300	0.9243	0.9186	0.9117	0.9045	0.8972	0.8898	0.8823	0.8735	0.8644	0.8550	0.8443	0.8345	0.8230	0.8114	0.7997	0.7877	0.7757	0.7633	0.7494
62	0.9597	0.9556	0.9513	0.9470	0.9427	0.9383	0.9326	0.9270	0.9211	0.9152	0.9080	0.9006	0.8933	0.8855	0.8778	0.8686	0.8592	0.8494	0.8382	0.8282	0.8164	0.8045	0.7925	0.7802	0.7679	0.7553
63	0.9612	0.9579	0.9535	0.9492	0.9447	0.9402	0.9356	0.9297	0.9238	0.9178	0.9117	0.9043	0.8968	0.8890	0.8811	0.8730	0.8636	0.8537	0.8436	0.8321	0.8217	0.8097	0.7976	0.7852	0.7726	0.7600
64	0.9626	0.9594	0.9560	0.9515	0.9469	0.9423	0.9376	0.9329	0.9268	0.9208	0.9145	0.9082	0.9006	0.8928	0.8847	0.8765	0.8681	0.8583	0.8481	0.8377	0.8259	0.8153	0.8030	0.7905	0.7778	0.7651
65	0.9644	0.9610	0.9577	0.9541	0.9495	0.9447	0.9399	0.9350	0.9301	0.9239	0.9177	0.9112	0.9047	0.8969	0.8886	0.8803	0.8718	0.8631	0.8529	0.8424	0.8319	0.8197	0.8088	0.7961	0.7834	0.7705
66	0.9653	0.9628	0.9593	0.9558	0.9522	0.9474	0.9425	0.9376	0.9325	0.9275	0.9210	0.9146	0.9080	0.9012	0.8929	0.8844	0.8757	0.8669	0.8580	0.8475	0.8368	0.8259	0.8134	0.8022	0.7893	0.7763
67	0.9674	0.9635	0.9613	0.9577	0.9541	0.9504	0.9453	0.9403	0.9352	0.9301	0.9248	0.9181	0.9115	0.9045	0.8974	0.8888	0.8800	0.8711	0.8620	0.8529	0.8421	0.8311	0.8199	0.8071	0.7956	0.7825
68	0.9686	0.9661	0.9625	0.9599	0.9562	0.9524	0.9486	0.9434	0.9382	0.9329	0.9276	0.9221	0.9151	0.9081	0.9009	0.8935	0.8847	0.8757	0.8664	0.8571	0.8477	0.8367	0.8254	0.8139	0.8008	0.7892
69	0.9700	0.9675	0.9649	0.9612	0.9585	0.9546	0.9508	0.9467	0.9414	0.9360	0.9305	0.9249	0.9192	0.9119	0.9047	0.8972	0.8897	0.8807	0.8713	0.8618	0.8522	0.8426	0.8312	0.8196	0.8079	0.7947
70	0.9716	0.9690	0.9664	0.9638	0.9599	0.9571	0.9531	0.9491	0.9449	0.9393	0.9336	0.9279	0.9221	0.9162	0.9087	0.9013	0.8936	0.8858	0.8765	0.8669	0.8571	0.8473	0.8373	0.8257	0.8139	0.8022
71	0.9733	0.9707	0.9680	0.9653	0.9626	0.9585	0.9556	0.9515	0.9473	0.9429	0.9371	0.9312	0.9252	0.9192	0.9132	0.9054	0.8978	0.8899	0.8819	0.8723	0.8624	0.8524	0.8423	0.8321	0.8203	0.8085
72	0.9750	0.9724	0.9696	0.9668	0.9640	0.9612	0.9569	0.9539	0.9495	0.9452	0.9406	0.9347	0.9286	0.9225	0.9163	0.9101	0.9021	0.8942	0.8860	0.8779	0.8679	0.8578	0.8475	0.8373	0.8270	0.8151
73	0.9768	0.9740	0.9712	0.9684	0.9654	0.9625	0.9595	0.9551	0.9520	0.9475	0.9430	0.9384	0.9322	0.9259	0.9196	0.9133	0.9068	0.8996	0.8905	0.8821	0.8737	0.8635	0.8532	0.8428	0.8325	0.8222
74	0.9774	0.9759	0.9728	0.9700	0.9670	0.9640	0.9609	0.9579	0.9534	0.9502	0.9455	0.9409	0.9361	0.9297	0.9233	0.9168	0.9102	0.9036	0.8951	0.8868	0.8782	0.8696	0.8593	0.8489	0.8384	0.8282
75	0.9780	0.9765	0.9749	0.9718	0.9689	0.9658	0.9627	0.9595	0.9564	0.9518	0.9484	0.9437	0.9389	0.9339	0.9274	0.9208	0.9140	0.9073	0.9005	0.8918	0.8833	0.8746	0.8659	0.8555	0.8451	0.8346
76	0.9803	0.9773	0.9758	0.9741	0.9710	0.9679	0.9647	0.9615	0.9583	0.9551	0.9502	0.9468	0.9419	0.9370	0.9319	0.9251	0.9182	0.9113	0.9045	0.8975	0.8888	0.8802	0.8713	0.8626	0.8522	0.8419
77	0.9813	0.9798	0.9766	0.9750	0.9733	0.9700	0.9669	0.9637	0.9604	0.9570	0.9537	0.9487	0.9452	0.9402	0.9350	0.9298	0.9229	0.9159	0.9089	0.9019	0.8949	0.8860	0.8774	0.8685	0.8599	0.8495
78	0.9824	0.9807	0.9791	0.9759	0.9742	0.9725	0.9693	0.9659	0.9626	0.9591	0.9557	0.9507	0.9472	0.9435	0.9383	0.9331	0.9278	0.9208	0.9136	0.9066	0.8995	0.8925	0.8836	0.8750	0.8662	0.8576

Note: The applicable percentage of any age combination not shown on this table will be calculated, if requested by an employee electing a survivor option, based upon the same actuarial assumptions used herein.

2005
INSURANCE AGREEMENT

Between

THE TIMKEN COMPANY

And

**UNITED STEELWORKERS OF AMERICA,
AFL-CIO**

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2005
INSURANCE AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THIS INSURANCE AGREEMENT, dated as of January 26, 2006, hereinafter referred to as the "2005 Insurance Agreement", is between THE TIMKEN COMPANY, hereinafter referred to as the "Company", and UNITED STEELWORKERS OF AMERICA, AFL-CIO on behalf of itself and Local Unions 1123 and 1123 Unit 03, said International Union and Local Unions collectively being referred to as the "Union", and effective on January 1, 2006.

ARTICLE I - DEFINITIONS

Wherever used herein, the terms hereinafter referred to in this Insurance Agreement shall be understood to have the following meaning:

1. The terms "Company", "Union", and "employees" shall have the same meanings as ascribed to such words in the 2005 Basic Labor Agreement between the parties dated September 23, 2005, in respect of rates of pay, hours of work, and conditions of employment.

2. The term "Insurance Plan" means the program of Insurance Benefits which will become effective as hereinafter provided; the term "Prior Plan" means the Insurance Plan in effect under the 2000 Insurance Agreement between the parties.

3. The term "Continuous Service" means the continuous service of an employee as determined for pension purposes under the Pension Agreement currently in effect.

4. Wherever in this Agreement the male gender is used, it shall also be construed to include the female gender.

ARTICLE II - INSURANCE PLAN

The Insurance Plan described in the following sections shall continue to be effective for each employee who has signed the appropriate enrollment forms and who has not revoked and cancelled such authorization forms.

Except as otherwise provided herein, the additional benefits of this Insurance Plan effective January 16, 2000, shall be applicable only to all active employees and all employees who are laid off because of force reduction or because of physical disability and are receiving benefits or have a valid claim for benefits under this Insurance Plan on such date.

The Company reserves the right to administer or to self-insure any or all of the benefits under the Insurance Plan. The benefits available under any self-insured program shall be equivalent to the benefits described in this Agreement.

A. MEDICAL CARE PROGRAMS

1. Subject to the provisions of Section O hereof, there will be made available Medical Care Programs for participating employees and for the spouse and eligible children of participating employees.

Employees who are participating in the Company-sponsored medical programs on December 31, 2005, and employees who are

hired on or after January 1, 2006, will be offered Preferred Provider Organization (PPO) Plans which utilize networks offered by AultCare and Blue Cross and Blue Shield. Such a participating employee will make an initial election of either the AultCare or Blue Cross and Blue Shield PPO Plan.

The initial election will be effective for a calendar-year period. Thereafter, failure to make an annual election will result in continuing coverage under the program most recently elected by the employee until such time as the employee affirmatively changes the election. If an active employee does not make an initial election, he will not be covered by the Company-sponsored medical program until such time as he elects to participate during an open enrollment period.

2. The Medical Care Program will provide coverage for medically necessary hospitalization, physician services, surgical, and other prescribed medical services which are incurred as the result of non-occupational injury or disease.

The specific coverage provided by the PPO options is described in the information distributed by the Company and given to participating employees. The coverage features of the PPO options (including the deductible amounts, maximums to be paid by employee, in-network and out-of network reimbursements, and other limitations) are included in the Medical Care Program section of the *Your Total Compensation Handbook* and are hereby incorporated by reference into this Agreement.

There will be established for each participating employee covered by the Company-sponsored medical program during the term of this

Agreement a Health Reimbursement Account, for which the Company will credit such employee with \$500 on January 1, 2006, or on such later date that the employee becomes a participant, if he is not participating on January 1, 2006. The Health Reimbursement Account may be utilized by a participating employee and such employee's dependents to cover the out-of-pocket expenses, except copays, for medical services under the program. If there is money left in the Health Reimbursement Account at the time that an employee retires, is laid off, or otherwise terminates employment, such Health Reimbursement Account may continue to be utilized by the employee, provided the employee is enrolled in a Company-sponsored retiree medical care program, is laid off with entitlement to Company-paid continuation coverage, or is enrolled at the employee's expense in a Company-sponsored medical program.

B. GROUP LIFE INSURANCE PROGRAM

Subject to the provisions of Section O hereof, there will be made available coverage under Group Insurance Policies to all employees for Group Life Insurance.

1. The Standard Group Life Insurance Master Policy will be on the following basis:

The death benefit for each employee will be a minimum of \$25,000, which death benefit will be paid in one (1) lump sum or the full amount plus interest will be paid in installments under one of the optional methods of settlement designated by the employee.

Additional Group Life Insurance above such minimum will be provided on the following basis:

The amount of additional insurance in each year will equal the excess, if any, of the participating employee's total wage earnings during the preceding year over \$25,000 taken to the nearer multiple of \$100, subject to the limitation that the maximum amount available hereunder to such employee shall be \$30,000. Adjustments for increases in or reductions of the amount of such additional insurance shall be made on January 1 of each year based upon the wage earnings of the employee in the preceding calendar year, providing the employee is available for and able to perform active work and is actively working at the time such adjustment is made.

2. The Group Life Insurance Policy will contain a total and permanent disability clause covering the total and permanent disability of any employee before age sixty (60) and will provide that in the event of such total and permanent disability prior to termination of employment, as defined in Paragraph 1.b. of Section O, the Life Insurance of any employee will stay in force as long as he remains so disabled, provided the proper proofs of disability are furnished to the Insurance Company and provided such employee has not retired under any form of pension under the current Pension Agreement between the parties. Such proofs must be filed with the Insurance Company within three (3) months after total and permanent disability has lasted for nine (9) consecutive months.

C. SICKNESS AND ACCIDENT BENEFITS

Subject to the provisions of Section O hereof, there will be made available to all employees Sickness and Accident Benefits.

1. Sickness and Accident Benefits will be

on the following basis:

The weekly Sickness and Accident Benefit provided for each employee in case of disability resulting from a non-occupational accident or disease for which benefits are not payable under the Workers' Compensation Law will be determined by multiplying each employee's average straight-time hourly earnings computed over the two (2) completed pay periods preceding his illness or disability by twenty-six (26) hours, subject to the proviso that the minimum weekly Sickness and Accident Benefit shall be \$436 and the maximum weekly benefit shall be \$501.

Benefits will also be provided in case of disability resulting from an occupational accident or disease for which benefits are payable under the Workers' Compensation Law. In such cases, the weekly Sickness and Accident Benefit will be determined by deducting from the amount of benefits payable for non-occupational accident or disease the amount of any weekly benefits to which the employee is, or could upon proper application and diligent prosecution become, entitled for such period under the Workers' Compensation Law of any state for temporary total or permanent partial disability. The employee must make satisfactory arrangements with the Plan Administrator to assure that he will refund any overpayment of weekly benefits. Any overpayment will be reduced by the attorney's fees incurred by the employee in pursuing a retroactive Workers' Compensation award.

2. For employees with less than twenty-six (26) weeks of continuous service on the last day worked prior to commencement of a non-occupational disability, the maximum duration of benefits shall be the number of full weeks of continuous

service, provided proper proof of disability is supplied to the Plan Administrator.

For employees with less than two (2) years of continuous service on the last day worked prior to the commencement of disability, the weekly benefit will start with the first day of disability in the event of accident and with the eighth day of sickness and will be payable throughout disability to a maximum of twenty-six (26) weeks for any one (1) disability, provided proper proof of disability is supplied to the Plan Administrator.

For employees with two (2) or more years of continuous service on the last day worked prior to the commencement of disability, the weekly benefits will start with the first day of disability in the event of accident and with the eighth day of sickness and will be payable throughout disability to a maximum of fifty-two (52) weeks for any one (1) disability, provided proper proof of disability is supplied to the Plan Administrator.

For employees with twenty (20) or more years of continuous service on the last day worked prior to the commencement of disability, weekly benefits will be payable for an additional period to a maximum of fifty-two (52) weeks (hereinafter "extended Sickness and Accident Benefits") for any one (1) disability, provided (1) proper proof of disability is supplied to the Plan Administrator and (2) such disability is not permanent and a physician has certified that the employee will be able to return to work.

In the case of a sickness which results in hospitalization or outpatient surgery prior to the eighth day, the weekly benefit will commence on the day that hospitalization as an inpatient for that sickness begins or outpatient surgery commences.

In the case of an employee who is a donor in

a human organ or tissue transplant requiring surgical removal of the donated organ or tissue from the employee, the disability resulting from such surgical removal will be deemed to be a disability due to sickness. The weekly benefit will commence on the day that hospitalization for such surgical removal begins or outpatient surgery commences.

Weekly benefits under this Section C shall be reduced by the amount of any Primary Old-Age or Disability Benefits, if any, received by such employee or for which such employee is eligible under the Federal Social Security Act, except that no such deduction shall be made for the first twenty-six (26) weeks for an employee who had attained age sixty-five (65) on or before the last day worked prior to the incurrence of the disability. If an employee furnishes written proof during the initial fifteen (15) weeks of disability that he has applied for Disability Benefits under the Federal Social Security Act and that he did not receive such benefits when they were initially due, weekly benefits will be continued without deduction until the earlier of (i) the date such Social Security Disability Benefits commence or (ii) the payment of thirty-four (34) weeks of Disability Benefits, or if an employee furnishes written proof that Social Security Disability Benefits have been denied and the employee has requested reconsideration of such denial, and, if necessary, has appealed such denial to an administrative law judge, weekly benefits will be continued without deduction until the date such Social Security Benefits commence, provided the employee makes satisfactory arrangements with the Plan Administrator to assure that he will refund, upon the subsequent receipt of Social Security Benefits for any of such weeks, any overpayment of weekly benefits resulting from the

suspension of this deduction. Except as provided above, an employee shall not receive more than thirty-four (34) weeks of unreduced weekly benefits, unless that employee presents evidence satisfactory to the Plan Administrator that Social Security Disability Benefits have been denied and the employee has pursued the administrative remedies referred to above.

It shall be the duty of an employee to promptly notify the Plan Administrator of the filing of any application for the payment of benefits under the Social Security Act and of any action taken thereon by the Social Security Administration.

An employee who retires from the service of the Company pursuant to the provisions of the current Pension Agreement between the parties shall not be entitled to any further weekly benefits after the date of his retirement.

3. Successive periods of disability separated by less than two (2) weeks of active work on full time will be considered one (1) period of disability, unless the subsequent disability is due to an injury or sickness entirely unrelated to the causes of the previous disability and commences after return to active work on full time. Benefits will be paid for as many separate and distinct periods of disability during any calendar year as may occur.

4. Coverage of any employee under this Sickness and Accident Benefit Program will automatically cease upon termination of employment. Cessation of active work, except when absence from work is caused by illness or injury, will be deemed termination of employment for the purpose of this program, except as hereinafter provided. The coverage of any employee hereunder will not terminate while such employee is disabled as a result of illness or injury and is receiving pay-

ments under this program, and the termination of employment of any employee will not prevent such employee from receiving payments on any claim on which he may be entitled to payments on the date of termination of employment.

5. Benefits will be payable under this Section C only if written notice of claim is filed with the Plan Administrator within thirty-five (35) days after incurrence of the disability or satisfactory evidence is presented that the employee was unable to furnish such notice or have it furnished in his behalf.

D. DENTAL CARE PROGRAMS

Subject to the provisions of Section O hereof, there will be made available Dental Care Programs for participating employees and for the spouse and eligible children of participating employees.

The Premium Dental Program will be the base Dental Care Program. An active employee may make an election every three (3) years to elect out of the Premium Dental Program and elect into one of the other Dental Care Programs or Alternative Dental Care Delivery Systems offered herein. The election will be effective for a three (3) calendar-year period. If an active employee does not make an initial election, he will be covered by the Premium Dental Program. Thereafter, failure to make an election will result in continuing coverage under the program most recently elected by the employee until such time as the employee affirmatively changes the election. An active employee covered by the Premium Dental Program or one of the other Dental Care Programs who elects into and subsequently elects out of an Alternative Dental Care Delivery System under Section M shall again be covered

by the Dental Care Program under which he was originally covered.

1. Premium Dental Program

The Premium Dental Program will provide reimbursement for the usual, reasonable, and customary charges for covered dental services as follows:

- a. For preventive dental services, 100%.
- b. For dentures and bridge work, 50%.
- c. For orthodontic diagnostic and treatment procedures for children under twenty (20) years of age, provided that treatment commenced prior to nineteen (19) years of age, 85%.
- d. For other dental procedures, including fillings, extractions, and other services not specifically described above, 85%.

The maximum benefit for expenses incurred during any one (1) calendar year for services other than those referred to in Subparagraph c above, shall be \$1600 per person, and the maximum benefit for expenses for the services referred to in Subparagraph c above shall be \$1800 during the lifetime of each covered person.

2. Standard Dental Program

The Standard Dental Program will provide reimbursement for the usual, reasonable, and customary charges for covered dental services, as follows:

- a. For preventive dental services, 50%.
- b. For dentures and bridge work, 50%.
- c. For orthodontic diagnostic and treat-

ment procedures for children under twenty (20) years of age, provided that treatment commenced prior to nineteen (19) years of age, 50%.

- d. For other dental procedures, including fillings, extractions, and other services not specifically described above, 50%.

The maximum benefit for expenses incurred during any one (1) calendar year for services other than those referred to in Subparagraph c above shall be \$1600 per person, and the maximum benefit for expenses for the services referred to in Subparagraph c above shall be \$1800 during the lifetime of each covered person.

An employee electing the Standard Dental Program will receive \$80 from the Company each year the election is in effect.

3. No Coverage Dental Option

The No Coverage Dental Option will provide no dental care benefits. An employee electing this Program will receive \$160 from the Company each year the election is in effect.

- 4. The insurance under this Section D will not cover any expense for dental services for which benefits are provided under any of the other Insurance Programs described in this Agreement.

E. VISION CARE PROGRAMS

Subject to the provisions of Section O hereof, there will be made available Vision Care Programs for participating employees and for the spouse and eligible children of participating employees.

The Standard Vision Program will be the base Vision Care Program. An active employee may make an election every three (3) years to elect out of the Standard Vision Program and elect into one of the other Vision Care Programs or Alternative Vision Care Delivery Systems offered herein. The election will be effective for a three (3) calendar-year period. If an active employee does not make an initial election, he will be covered by the Standard Vision Program. Thereafter, failure to make an election will result in continuing coverage under the program most recently elected by the employee until such time as the employee affirmatively changes the election. An active employee covered by the Standard Vision Program or one of the other Vision Care Programs who elects into and subsequently elects out of an Alternative Vision Care Delivery System under Section M shall again be covered by the Vision Care Program under which he was originally covered.

1. Standard Vision Program

The Standard Vision Program will provide reimbursement for covered vision care services as follows:

- a. Per single vision lens, \$25.
- b. Per bifocal lens, \$30.
- c. Per trifocal lens, \$35.
- d. Per lenticular lens, \$40.
- e. Per contact lens, \$35.
- f. Per frames, \$60.
- g. For vision testing examination, performed by a physician or optometrist, including a determination

as to the need for correction of visual acuity, prescribing lenses, if needed, and confirming the appropriateness of eyeglasses obtained under the prescription, \$35.

If an employee or an eligible dependent has received a vision testing examination, lenses, or frames for which benefits were payable under this Program, benefits will be payable for a subsequent vision testing examination, lenses, or frames only if received more than twenty-four (24) months after receipt of the most recent previous vision testing examination, lenses, or frames, respectively, for which benefits were payable under this Program.

2. No Coverage Vision Option

The No Coverage Vision Option will provide no vision care benefits. An employee electing the No Coverage Vision Option will receive \$50 from the Company each year the election is in effect.

3. The insurance of any participating employee under this Section E will not cover any expenses for vision care services for which benefits are provided under any of the other Insurance Programs described in this Agreement or under a Company Safety Glass Program.

F. REIMBURSEMENT ACCOUNTS

There will be flexible spending accounts available which will provide reimbursement for health care expenses and dependent care expenses. An active employee or an individual receiving continuation coverage under Section O hereof, may elect before the beginning of each calendar year to have up to \$5000 for his health care reimbursement account and up to \$5000 for

his dependent care reimbursement account withheld from his wages through payroll deduction and deposited in the appropriate accounts. An election to participate in a reimbursement account will result in continuing participation until such time as the employee affirmatively changes the election. The moneys in an employee's health care reimbursement account shall be used to reimburse an employee for cash deductibles, co-payments, and expenses not covered by the Medical Care, Dental Care, and Vision Care Programs elected by the employee. The moneys in an employee's dependent care reimbursement account shall be used to reimburse an employee for expenses incurred in caring for a dependent child, parent, and/or disabled spouse so that the employee and/or the employee's spouse may be gainfully employed. Distributions for eligible expenses will be processed for reimbursement upon receipt of claims for such expenses. In the second quarter following the end of each calendar year, any moneys remaining in an employee's reimbursement account will be pooled with the remaining amounts in all other employees reimbursement accounts and will be divided equally and distributed to all employees who had reimbursement accounts during such calendar year.

G. PRESCRIPTION DRUG PROGRAMS

Subject to the provisions of Section O hereof, there will be made available a Mail Order Prescription Program for participating employees and for the spouse and eligible children of participating employees who have elected coverage under the Medical Care Program. Prescriptions for drugs which are to be taken for fourteen (14) or more days may be ordered from a pharmaceutical supplier chosen by the Company. For each

prescription ordered from the pharmaceutical supplier, the employee will pay a \$10 co-payment for up to a ninety (90)-day supply of a generic drug, a \$30 co-payment for up to a ninety (90)-day supply of a preferred or formulary brand name drug and a \$50 co-payment for up to a ninety (90)-day supply of a non-preferred or non-formulary brand name drug.

Subject to the provisions of Section O hereof, there will be made available a Retail Prescription Drug Card Program for participating employees who have elected coverage under the Medical Care Program described in Section A and for the spouses and eligible children of such participating employees. For each prescription bought from a participating pharmacy, after the deductible amount, as hereinafter defined, is satisfied, the employee will pay a \$5 co-payment for a generic prescription, a \$15 co-payment for a preferred or formulary brand name drug, and a \$25 co-payment for a non-preferred or non-formulary brand name drug. The term "deductible amount" means a cash deductible each calendar year of \$25 per covered individual, but not to exceed \$50 per family. The deductible amount under this Retail Prescription Drug Card Program is separate and apart from the deductible amounts under the Medical Care Program. Co-payments made under the Mail Order Prescription Program do not apply for purposes of satisfying the deductible amount under this Retail Prescription Drug Card Program.

Prescriptions filled under the Retail Prescription Drug Card Program will be limited to a thirty (30)-day supply and may be refilled a maximum of two (2) times. Thereafter, on-going prescriptions must be filled through the Mail

Order Prescription Program.

In the event a participant elects a brand name drug when a generic equivalent is available, the participant will pay the applicable brand name co-payment plus the difference between the brand name and generic costs. This provision applies to both the Retail Prescription Drug Card Program and the Mail Order Prescription Program.

H. (Deletion)

I. SPECIAL BENEFITS FOR EMPLOYEES WITH 20 YEARS OF CONTINUOUS SERVICE

A participating employee who:

1. Has twenty (20) or more years of continuous service with the Company on his last day worked; and

2. Is on layoff by reason of (a) a permanent shutdown of the plant, department, or subdivision thereof in which he was working, (b) a reduction in force, or (c) disability, other than a permanent disability, from which a physician has certified he will be able to return to work; and

3. Is receiving extended Sickness and Accident Benefits as provided in Section C of this Agreement or Extended Benefits as provided in Article VII of the Supplemental Unemployment Benefit Agreement shall be eligible to have the insurance coverage provided in Sections A, B, D, E, G, and M continued at Company expense beyond the maximum time for which such coverage would be provided at Company expense as set forth in Section O, provided that such extended coverage shall not continue for a period longer than fifty-two (52) weeks.

J. RETIREES' LIFE INSURANCE PROGRAM

Subject to the provisions of Section O hereof, there will be made available for each participating employee who becomes eligible for Pension Benefits under Article II, Section A, Paragraph 1, of the current Pension Agreement between the Company and the Union, and who retires from the service of the Company pursuant to such Pension Agreement, Retirees' Life Insurance in the amount of \$7500.

There will be made available for each participating employee who becomes eligible for Pension Benefits under Article II, Section A, Paragraphs 2, 3, 4, or 5, of the Pension Agreement and retires before age sixty-two (62), from the date of his retirement until he reaches age sixty-two (62), or the date on which his status as a retired employee ceases, whichever is earlier, Life Insurance in the amount that was being made available to such employee on the last day worked prior to his retirement subject to a maximum amount of \$30,000 at Company expense; provided, however, that when such employee reaches age sixty-two (62), if he continues his retired status until age sixty-two (62), the amount of insurance made available at Company expense shall be reduced to \$7500.

Such Retirees' Life Insurance coverage shall be evidenced by a Life Insurance Certificate issued by a Life Insurance Company to be selected by the Company and shall be subject to all the standard terms and provisions of Life Insurance of that type.

In the event any employee who retired and received a certificate for Retirees' Life Insurance hereunder is reemployed, upon his subsequent retirement, the amount of Retirees' Life Insurance

to which he is entitled shall be reduced by the amount of the Retirees' Life Insurance given to him at the time of his first retirement.

K. RETIREES' MEDICAL CARE PROGRAM

1. Subject to the provisions of Section O hereof, medical plan options which provide coverage for medically necessary hospitalization, physician services, and major medical expenses which are incurred as the result of non-occupational injury or disease will be made available for the following:

a. Each participating employee who retires and who is eligible for and receives a pension under Article II, Section A, Paragraphs 1, 2, 3, 4, or 5, of the 2005 Pension Agreement and for the spouse and eligible children of such retiree;

b. Each surviving spouse of a retiree who receives a Post-Retirement Surviving Spouse's Benefit under Article IV of the 2005 Pension Agreement and for the eligible children of such retiree; and

c. Each surviving spouse, of an employee who dies after he has completed fifteen (15) years of continuous service and while he is still accruing continuous service, who is eligible for a Pre-Retirement Surviving Spouse's Benefit under Article III, Section B or C, of the 2005 Pension Agreement and for the eligible children of such employee.

Eligible individuals desiring to participate in the program of insurance following retirement or death, as the case may be, shall elect to do so by completing and submitting a form provided by the Company.

2. Eligible individuals will be offered the fol-

lowing options:

a. Individuals who are not eligible for Medicare will have the choice to enroll in a Preferred Provider Organization (PPO) Plan which utilizes networks offered by AultCare or Blue Cross and Blue Shield.

b. Individuals who are Medicare-eligible will have the choice to enroll in a Comprehensive Medical Plan or Company-sponsored Medicare Advantage Plan, where available.

3. The specific coverage provided by the Retirees' Medical Care Program is described in the information distributed by the Company and given to participating retirees and surviving spouses. The coverage features of the Retirees' Medical Care Program (including the deductible amounts, maximums to be paid by the retiree or surviving spouse, in-network and out-of-network reimbursements, and other limitations) are included in the Retiree Medical Care Handbook and are hereby incorporated by reference into this Agreement.

4. Coverage of any person under such insurance shall continue when such person becomes eligible for the Federal Medicare Program, but the insurance under this Section K will not cover any expenses for medical services for which benefits are provided under the Federal Medicare Program.

For employees who have not retired or their spouses, who are age sixty-five (65) or over, the Company will provide benefits under the Insurance Programs described in Sections A, D, E, F, G, and M hereof, with benefits provided by Medicare only to the extent that Medicare provides for benefits additional to those provided in Sections A, D, E, F, G, and M.

5. The Company will limit the amount it will pay to provide future medical coverage for employees retiring on or after January 1, 2006, spouses of such employees, and their dependents. The Company-paid limit will be expressed as an average monthly plan cost per coverage unit. A coverage unit consists of either (a) a retiree, (b) a spouse, or (c) one (1) or more dependents who have coverage under the Comprehensive Medical Plan.

Retirees, spouses, and dependents will be assessed a monthly charge per coverage unit that will be the difference between the Company's projected cost of coverage under the Retirees' Medical Care Program and the Company-paid limit. The Company-paid limit established for retirees and spouses who are under age sixty-five (65) will be \$653 each. The Company-paid limit established for retirees and spouses who are age sixty-five (65) and older will be \$295 each. The Company-paid limit established for dependents will be \$295 for each coverage unit. The Company will determine the monthly charge to be paid during a calendar year based upon the actual plan costs of the preceding calendar year and projected medical trends.

L. NON-DUPLICATION OF BENEFITS

Benefits under the Insurance Programs provided in Sections A, D, E, G, K, and M of this Agreement will not be payable to the extent they are provided under any other Group Insurance Program to which any employer shall have contributed, if that program is the primary program as compared to the programs provided in this Agreement. If the other program does not include a coordination of benefits or non-duplication provision, it will be the primary program.

In determining whether a group program with a coordination of benefits or non-duplication provision is primary to the programs provided in this Agreement, the following will apply:

1. The program covering the patient other than as a dependent will be the primary program.

2. The program of an employer of a full-time working spouse of an eligible employee, retiree, or deceased employee will be primary, provided that such program is provided at no cost to the spouse. Such a spouse may have secondary coverage under the Insurance Programs. Such a spouse may have primary coverage under the Insurance Programs only if the spouse has waived coverage under his or her employer's program and a charge of \$30 per month for coverage under the Insurance Programs is paid. The rule set forth in this Paragraph will not apply to spouses employed by the Company.

3. Where more than one (1) program covers the patient as a dependent child of parents who are not divorced or separated, the primary program is the program of the parent whose birthday falls earlier in the year. The program of the other parent will be secondary. If both parents have the same birthday, the benefits of the program that covered the patient the longer is the primary program. If the other program's provision for coordination of benefits does not include this rule, but instead has a rule based on the gender of the parent, and if, as a result, the programs do not agree on the order of benefits, the rule of the other program will determine the order of benefits.

4. Where more than one (1) program covers the patient as a dependent child of divorced or separated parents, the program of the parent

with custody will be primary, the program of the spouse of the custodial parent will be secondary, and the program of the non-custodial parent will be tertiary; provided, however, if the specific terms of a court decree state that one (1) parent is responsible for the health care expenses of the dependent child, the program of that parent is primary and that parent must notify the Company of the terms of such decree.

5. The program covering the patient as an active employee will be primary to a program covering the patient as a laid off employee or a retiree.

6. The program covering the patient as an employee or retiree or a dependent of an employee or retiree will be primary to a program covering the patient under continuation coverage pursuant to federal or state law.

7. Where the determination cannot be made in accordance with 1., 2., 3., 4., 5., or 6. above, the program which has covered the patient for the longer period of time will be the primary program.

8. Where the programs provided by this Agreement are determined to be secondary pursuant to 1., 2., 3., 4., 5., 6., or 7. above, benefits payable under said programs, together with the benefits received under other group programs, cannot exceed the benefit that would be payable under the programs provided by this Agreement, if said programs were the primary program.

Benefits under the Insurance Programs provided in Sections A, D, E, G, K, and M of this Agreement will not be payable to the extent they are provided under any Automobile Insurance Policy covering an employee or the spouse, sur-

viving spouse, or children of an employee, and which is required by law to provide such benefits. Such Automobile Insurance shall be considered the primary program with respect to all benefits provided thereby.

Benefits under the Insurance Programs provided in Sections A, D, E, G, K, and M of this Agreement *will not be payable to the extent they* are provided for an employee or the spouse, surviving spouse, or children of an employee under any program of Medical Insurance or services which may hereafter be established by the United States or the State of Ohio; but if the employee shall have contributed directly, by payroll deduction or other method of payment, to a special fund from which such government program is financed, the benefits under this Agreement which are payable to the employee as reimbursements for medical, dental, or vision care expenses shall not be reduced by the amount of the payments for medical, dental, or vision care services under such government program attributable to the employee's contribution.

The Insurance Programs will provide benefits *in accordance with the applicable requirements of* any qualified medical child support order. A qualified medical child support order cannot require the Insurance Programs to provide any type or form of benefit, or any option, not otherwise provided under the Insurance Programs, except to the extent necessary to meet the requirements of laws relating to medical child support described in the Social Security Act.

Payment for benefits with respect to an employee, spouse, surviving spouse, or eligible child will be made in accordance with any assignment of rights made by or on behalf of such

employee, spouse, surviving spouse, or eligible child as required by a state plan for medical assistance approved under Title XIX of the Social Security Act. In enrolling an individual as an employee, spouse, surviving spouse, or eligible child or in determining or making any payments for benefits of an individual as an employee, spouse, surviving spouse, or eligible child, the fact that the individual is eligible for or is provided medical assistance under such a state plan will not be taken into account. To the extent that payment has been made under such a state plan in any case in which the Insurance Programs also provide coverage, payment for benefits under the Insurance Programs will be made in accordance with any state law which provides that the state has acquired the rights with respect to an employee, spouse, surviving spouse, or eligible child to payment for such coverage.

M. ALTERNATIVE HEALTH CARE DELIVERY SYSTEMS

Health Maintenance Organizations (HMO), Preferred Provider Organizations (PPO), or other Alternative Health Care Delivery Systems may be offered in place of the benefits provided in Sections A, D, E, G, or K of this Article II. If so offered, employees shall have the opportunity to elect such alternative coverage once each calendar year. The Company can offer as many different Alternative Health Care Delivery Systems to employees as it deems appropriate; provided, however, that once the Company has offered a particular Alternative Health Care Delivery System to employees, it shall be required to continue to offer such Alternative Health Care Delivery System for the remaining term of this Agreement; further provided, that if the premium

for the Alternative Health Care Delivery System is greater than the premium for the base Medical, Dental, or Vision Care Program, the Company shall no longer be required to offer such Alternative Health Care Delivery System.

N. PAYMENT

Except as otherwise specified in this Insurance Plan, the cost of the Insurance Plan described in Sections A, B, C, D, E, J, K, and M shall be paid by the Company.

O. PARTICIPATION

The participation of any employee eligible to participate in the foregoing Insurance Programs (as provided in Sections A, B, C, D, E, F, G, J, K, and M) shall be voluntary. The Company and the Union shall individually take such steps as appear advisable to each of them to give the employees adequate information as to the details of the foregoing Insurance Programs. The Company shall give notice and the appropriate enrollment forms to each employee employed hereafter forthwith upon his employment. An employee who does not execute and return said form to the Company before the end of the month in which his probationary period is completed shall be deemed to have elected not to participate in said Plan until he signs and returns such form, in which case he shall participate from the first day of the calendar month following such execution and return. The effective date of coverage under the Insurance Programs will be the first day of the first calendar-month following completion of the probationary period, provided that the employee is actively working on such day or the next scheduled day.

Any eligible active or inactive employee electing to participate in said Plan must partici-

pate in the entire available Plan consistent with his family status.

1. Continuation of Group Life Insurance Coverage for Employees

a. Arrangements will be made to continue insurance of any participating employee under the Group Life Insurance Policy provided in Section B who is laid off by reason of reduction of force for six (6) months after such layoff at the expense of the Company. Such coverage, in its full amount, may be continued for the benefit of such laid-off employee for an additional period of eighteen (18) months at the election of such laid-off employee. During such additional eighteen (18)-months' period, such employee shall pay monthly the cost of such coverage up to a maximum of 60¢ per month for each \$1000 coverage, the balance of the cost of such coverage to be paid by the Company. Ten (10) days prior to the end of such six (6)-months' period, the Company shall notify each such employee that he may continue to have coverage under said Group Life Insurance Policy and advise such employee of the amount of such monthly payments. Such notice shall be mailed to the employee's last address as shown on the records of the Company. The first payment will be due on the fifth day of the calendar month following the end of such six (6)-months' period and will continue to be due on the fifth day of each month during the balance of such eighteen (18)-months' period. Failure of any such laid-off employee to make any such payment on its due date will result in the automatic cancellation of such coverage without the necessity of notice to such employee.

Except as provided in Section I, arrangements will be made to continue insurance of any

participating employee who has ten (10) or more years of continuous service under this Group Life Insurance Policy and who is laid off by reason of reduction of force for twelve (12) months after such layoff at the expense of the Company. Such coverage, in its full amount, may be continued for the benefit of such laid-off employee for an additional period of twelve (12) months at the election of such laid-off employee. During such additional twelve (12)-months' period, such employee shall pay monthly the cost of such coverage up to a maximum of 60¢ per month for each \$1000 coverage, the balance of the cost of such coverage to be paid by the Company. Ten (10) days prior to the end of such first twelve (12)-months' period, the Company shall notify each such employee that he may continue to have coverage under said Group Life Insurance Policy and advise such employee of the amount of such monthly payments. Such notice shall be mailed to the employee's last address as shown on the records of the Company. The first payment will be due on the fifth day of the calendar month following the end of such first twelve (12)-months' period and will continue to be due on the fifth day of each month during the balance of such second twelve (12)-months' period. Failure of any such laid off employee to make any such payment on its due date will result in the automatic cancellation of such coverage without the necessity of notice to such employee.

b. Insurance of any other participating employee under this Group Life Insurance Policy will automatically cease thirty-one (31) days after termination of employment. Cessation of active work will be deemed termination of employment for the purpose of this policy, except as hereinafter provided. The employment of any employee shall be regarded as terminated as follows:

The employment of any employee who has quit or who has been discharged shall terminate as of the date the employee quit or was discharged; the employment of any employee who has ceased work with the Company on account of leave of absence shall be regarded as terminated as of the first day of the month following the calendar month in which he ceased work with the Company; it is understood, however, that any employee who is absent from work because of illness or injury will be carried on the records of the Company as an employee for the purpose of coverage under this policy for a period of not to exceed twelve (12) months from the end of the month in which such employee was laid off due to physical disability.

c. An employee placed in the Security Pool, defined in the 2005 Basic Labor Agreement, from layoff for reduction of forces, shall continue to have his insurance coverage determined under the provisions of this Paragraph 1 for a period of thirty (30) working days following the return. If the employee is still in the Security Pool at the conclusion of the thirty (30) working-days period or if he has been recalled from the Security Pool to an occupation outside the Security Pool, the employee's insurance coverage will be reinstated to that of an active employee.

2. Continuation of Group Health Insurance Coverage for Employees

a. The insurance of any participating employee under the Insurance Programs provided in Sections A, D, E, G, I, and M may continue for a period of time from the last day of the calendar month in which a layoff for reduction of forces occurred, at the expense of the Company, and may be continued, at the election of the employee, for an additional period of time at the expense of the participating employee according to the fol-

following table:

Length of Continuous Service	Company-Paid Continued Coverage	Employee-Paid Continued Coverage
Less than 2 years	0 month	18 months
More than 2 but less than 10 years	6 months	18 months
More than 10 years	12 months	12 months
More than 20 years and eligible for extended benefits under Article II, Section I	Up to 24 months	0 months

An employee's continuous service shall be determined at the time of layoff.

b. The insurance of any participating employee under the Insurance Programs provided in Sections A, D, E, G, I, and M may continue for a period of time from the last day of the calendar month in which a layoff for physical disability occurred, at the expense of the Company, and may be continued, at the election of the employee, for an additional period of time at the expense of the participating employee according to the following table:

Length of Continuous Service	Company-Paid Continued Coverage	Employee-Paid Continued Coverage
Less than 2 years	0 months	18 months
More than 2 years	12 months	12 months
More than 20 years and eligible for extended benefits under Article II, Section I	Up to 24 months	0 months

An employee's continuous service shall be determined at the time of layoff. For an employee who is determined, under Title II or XVI of the Social

Security Act, to have been disabled at the time his layoff for physical disability commenced, the period of employee-paid continued coverage with respect to such employee shall be extended so that the total period of continued coverage is twenty-nine (29) months, but only if the employee has provided the Company notice of such determination before the time his continued coverage would otherwise expire.

c. The insurance of any participating employee under the Insurance Programs provided in Sections A, D, E, G, and M may be continued, at the election of the employee, for a period of eighteen (18) months from the time of termination of employment for any reason other than layoff for reduction of forces or layoff for physical reasons, at the expense of the participating employee, provided that, to the extent permitted by law, this Paragraph 2.c. shall not apply to any employee who is terminated from employment with the Company because of gross misconduct.

d. At the time an employee's insurance would terminate, were it not for the provisions of this Paragraph 2 of Section O, the Company shall notify each such employee that he may continue his insurance under the programs and advise such employee of the amount of such monthly payments. Such notice shall be mailed to the employee's last address as shown on the records of the Company. The election period for such coverage shall end sixty (60) days after the later of the date the insurance would terminate, were it not for the provisions of this Paragraph 2 of Section O, or the date notice is given to the employee of the right to continued coverage. If an election to continue coverage is made prior to the termination of coverage, the first premium pay-

ment will be due on the fifth day of the calendar month following the end of the period of Company-paid continued coverage and subsequent premium payments will continue to be due on the fifth day of each calendar month during the balance of employee-paid continued coverage. If an election to continue coverage is made after the termination of coverage, the Company shall permit the first premium payment for such coverage during the period preceding the election to be made within forty-five (45) days of the election. Subsequent premium payments will be due on the fifth day of each calendar month during the balance of employee-paid continued coverage. Failure of any employee to make a timely premium payment on its due date will result in the automatic cancellation of the insurance without the necessity of notice to such employee. The coverage of any terminated employee entitled to continued coverage under Paragraph 2.c. of Section O under any other Group Health Plan (as an employee or otherwise) will result in the automatic cancellation of the continued coverage, provided that such continued coverage will not be cancelled, if the other Group Health Plan contains any exclusion or limitation with respect to any preexisting condition.

e. Termination of coverage under any of the preceding paragraphs will not prevent such employee from receiving the benefit of coverage under the Insurance Programs to which he may be entitled on the last day of the month in which his coverage is terminated.

Notwithstanding any other provision in this Agreement, if an employee originally laid off for physical reasons ceases to be physically disabled but does not return to work, or if any laid off

employee is no longer, for any reason, in fact, available for employment by the Company, the Company-paid insurance coverage provided under Sections A, B, C, D, E, F, G, I, and M shall terminate. The Company may require such reports from laid off employees as may be necessary or appropriate to enable it to determine whether an employee not actively working is entitled to continued Company-paid insurance coverage.

f. An employee placed in the Security Pool, defined in the 2005 Basic Labor Agreement, from layoff for reduction of forces, shall continue to have his insurance coverage determined under the provisions of this Paragraph 2 for a period of thirty (30) working days following the return. If the employee is still in the Security Pool at the conclusion of the thirty (30) working-days period or if he has been recalled from the Security Pool to an occupation outside the Security Pool, the employee's insurance coverage will be reinstated to that of an active employee.

3. Continuation of Group Health Insurance Coverage for Spouses and Dependent Children

a. Each spouse or dependent child of a participating employee or retired employee who would otherwise lose coverage under the Insurance Programs provided in Sections A, D, E, G, I, K, and M in the event of the employee's death, the divorce or legal separation of the employee from the spouse, the participating employee's becoming entitled to Medicare, or the dependent child's ceasing to be a dependent child, may elect continued coverage under the Insurance Programs, at the expense of said spouse or dependent child, provided that a spouse or dependent child of an employee who is terminated from employment with the Company

because of gross misconduct will not be eligible for continued coverage. Such coverage shall commence on the date of the event qualifying such spouse or dependent child for the provisions of this Paragraph 3.a. and shall end thirty-six (36) months after such qualifying event. Notwithstanding the preceding provisions concerning the expiration of continued coverage, such coverage may terminate earlier if there is a failure to make a timely premium payment by the spouse or dependent child, if the spouse or dependent child (as an employee or dependent) becomes covered under any other Group Health Plan which does not contain any exclusion or limitation with respect to any preexisting condition of such spouse or dependent child or if the spouse or dependent child becomes entitled to Medicare.

b. In the case of the divorce or legal separation of the employee from the spouse or the dependent child's ceasing to be a dependent child, it shall be the responsibility of said spouse or dependent child to notify the Company of the occurrence of the qualifying event within sixty (60) days after the qualifying event.

c. The election period for continued coverage shall commence not later than the date on which coverage would otherwise terminate under the Insurance Programs and shall end sixty (60) days after the later of the date the coverage would otherwise terminate or the date notice is given to the spouse or dependent child of the right to continued coverage. Such notification shall be mailed to the spouse's last address as shown on the records of the Company. Notification to any dependent child or children shall be mailed to the legal guardian of such child or children, at the legal guardian's last address as shown on the records of the Company. Such legal guardian

shall make any election for such dependent child or children who are minors. If an election to continue coverage is made after the qualifying event, the Company shall permit the first premium payment for such coverage during the period preceding the election to be made within forty-five (45) days of the election. Subsequent premium payments will be due on the fifth day of the calendar month following the date on which coverage would otherwise terminate and will continue to be due on the fifth day of each month during the balance of such thirty-six (36) months' period. Failure of any spouse or dependent child to make any timely premium payment will result in the automatic cancellation of the insurance without the necessity of notice to such spouse or dependent child.

4. Continuation of Group Health Insurance Coverage for Certain Union Officers

The insurance under the Insurance Programs provided in Sections A, D, E, G, I, and M of any President, Vice President, Financial Secretary, Treasurer, or Recording Secretary of any Local Union who has been or is an employee of the Company and who has been or may hereafter be given a leave of absence on the condition stated in Article VIII of the then current Basic Labor Agreement may continue during such leave of absence at the expense of the Company.

P. TERMINATION OF COVERAGE IN CASES OF DISABILITY

Notwithstanding any other provision of this Agreement, the coverage provided for herein, except for Sickness and Accident Benefits, shall be continued during the absence of an employee due to disability resulting from an injury in the

course of his employment or occupational disease, but not beyond one (1) month following the end of the month for which Workers' Compensation Benefits terminate and not beyond the date when the employee retires or receives a pension under the Pension Agreement. Sickness and Accident coverage will terminate (1) at the end of twenty-six (26) weeks following the date on which Sickness and Accident Benefits are first payable, if the employee had less than two (2) years of continuous service on the date he ceased work or (2) at the end of fifty-two (52) weeks following the date on which Sickness and Accident Benefits are first payable, if the employee had two (2) or more years of continuous service on the date he ceased work.

If the employee's claim for Workers' Compensation is being contested, he shall have the right to continue his coverage by paying for such coverage in the manner provided for other employees whose coverage, at the expense of the Company, has terminated; and if he fails to do so, his coverage shall be terminated at the expiration of the periods prescribed herein. If it is ultimately determined that his absence or any part thereof was due to an occupational disability, the Company will reimburse him for any insurance premiums paid by such employee to maintain the insurance in effect during the period when such absence was due to such occupational disability.

Q. EVIDENCE OF COVERAGE

An appropriate evidence of coverage under this Insurance Plan will be issued to each participating employee. The Company will make available to the Union a copy of any group policies taken out by it to provide the coverage referred to in Article II hereof.

R. REQUIREMENTS OF LAW

The benefits of this Insurance Plan provided for pursuant to this Agreement shall be in substitution for any and all other programs providing for Insurance Benefits. The Insurance Plan shall continue during the term of this Agreement and all evidences of participation therein heretofore issued or hereafter issued to employees shall continue in effect during the term of this Agreement. It is intended that the Insurance Benefits provided for in this Insurance Plan shall comply with and be in substitution for provisions for similar benefits if similar benefits are provided for in any law hereafter in effect. If any benefits of a similar nature to those provided for in this Insurance Plan are required or provided under any law hereafter in effect, and the benefits provided for in this Insurance Plan are not considered in substitution therefor, the benefits provided for in this Agreement shall be reduced by the amount of benefit provided under such law, and the contributions of the Company shall be proportionately reduced.

The Insurance Plan is maintained for the exclusive benefit of employees and the Plan's terms, including those relating to coverage and benefits, are legally enforceable. The Plan shall be administered in accordance with all applicable state and federal laws and regulations.

S. ADMINISTRATION

Unless the Company elects to administer the programs or to self-insure the benefits provided in this Article II, the administration of the Insurance Programs under this Agreement shall be by an Insurance Company. The terms of the policies issued by the Insurance Company and the Agreement shall be controlling on all matters per-

taining to the benefits and rights thereunder. It is agreed that where there is any conflict between the language of such Insurance Company Policies and this Agreement, the latter shall prevail in each case.

T. CLAIMS FOR BENEFITS

The employee shall follow the procedures established by the Company for the filing of claims for benefits provided by this Agreement. The Company (or the organization responsible for the administration of the applicable Insurance Program) will make all determinations as to the right of any person to benefits under the Plan in accordance with the governing Plan documents and will ensure that Plan provisions are applied consistently with respect to similarly claimants. Any denial by the Company of a claim for benefits under the Plan, by a claimant, who may be an employee or a dependent, will be stated in writing by the Company and delivered or mailed to the claimant within the period of time authorized by the Department of Labor's regulations for claims procedures. The manner and content of the notification of benefit determinations by the Company shall also comply with the Department of Labor's regulations.

If any difference shall arise between the Company and any employee as to the benefits payable to him under the Plan (except as to a claim for Life Insurance or as to the insurance organizations responsible for administration which have been selected by the Company) or as to the interpretation or application of or compliance with the provisions of the Plan, the employee will follow the preliminary procedure prescribed by the Company; and if an understanding cannot be reached with respect to such difference between representa-

tives of the Company and of the Union designated for the purpose, such dispute may be disposed of in the manner provided for in Article IX - Adjustment of Grievances of the current Basic Labor Agreement commencing with the last step of the grievance procedure preceding arbitration. Any employee who wishes to submit such a dispute to such step of the grievance procedure must have the Representative of the International Union mail a statement of his intention to do so to the Superintendent of Industrial Relations in the plant in which he works, postmarked within ten (10) days from the date of the notice to him of the action to which he objects, which statement shall fully set forth the basis of his objection.

An award of the arbitrator in respect of any such question shall be made retroactive to the date of the occurrence or non-occurrence of the event upon which such question is based, but in no case prior to a date thirty (30) days before such question shall have been presented in writing to the Company. The arbitrator shall have authority only to decide the question in accordance with the applicable provisions of the Plan or this Agreement, but he shall not have authority in any way to alter, add to, or subtract from any of the provisions of the Plan or this Agreement.

ARTICLE III EFFECTIVE AND TERMINATION DATES

A. This 2005 Insurance Agreement shall be effective on January 1, 2006, at 12:01 a.m., except as hereinafter provided, and supersedes the 2000 Insurance Agreement between the parties.

B. No provision in this Agreement shall be considered as having any retroactive effect, unless it

is clearly so stated.

C. This Agreement shall continue in full force and effect until 12:01 a.m., January 1, 2010, and for yearly periods thereafter, unless either party shall notify the other party in writing not less than sixty (60) days before any termination date of the 2005 Basic Labor Agreement between the parties of such party's desire to commence negotiations for a new Agreement.

D. Negotiations for a new Insurance Agreement shall be carried on concurrently with negotiations for a Basic Labor Agreement to replace the 2005 Basic Labor Agreement.

E. In the event that no Agreement is reached on a new Insurance Agreement by 12:01 a.m., September 28, 2009, the Union shall not be bound by its no-strike pledge contained in the Basic Labor Agreement then in effect between the parties.

F. In the event of a strike subsequent to September 28, 2009, the Insurance Plan, with the exception of Sickness and Accident coverage, will be continued for thirty (30) days. The Company will advance the premiums for coverage during such thirty (30) days, which premiums will be repaid by the employees through payroll deductions of not more than \$100 per paycheck.

G. The Company may, at its option, extend this Insurance Plan, except Sickness and Accident coverage, for additional thirty (30)-day periods, advance the premiums, and be repaid by the employees through payroll deductions of not more than \$100 per paycheck. If the Company does not elect to extend this Insurance Plan, insurance coverage will be provided pursuant to the terms of the employee Retirement Income

Security Act, as amended. Upon the termination of such strike, this Insurance Agreement shall be reinstated or continued, as the case may be, and remain operative until 12:01 a.m., January 1, 2010.

H. The no-strike clause contained in the Basic Labor Agreement between the parties then in effect shall be applicable to this Insurance Agreement, except as hereinabove provided.

I. Except as provided above, there shall be no strikes by reason of disputes under this Insurance Agreement during the term of this Agreement.

THE TIMKEN COMPANY

Alan C. Oberster
Manager - Industrial
and Associate Relations

**UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION**

STEELWORKERS OR USW

Leo W. Gerard
International President

James D. English
International Secretary-Treasurer

Tom Conway
International Vice President,
Administration

Leon Lynch
International Vice President,
Human Affairs

David R. McCall
District 1 Director

Dennis Brommer
Sub District Director

Stanley Jasionowski
President - Local Union 1123

William Wright
Vice President - Local Union 1123

Kindell Huffman
Unit Chair - Local Union 1123-03

Patrick Eslich
Negotiator - Canton Bearing Plant
Local 1123

Scott Albertson
Negotiator - Gambrinus Bearing Plant
Local 1123

Paul McKenzie
Negotiator - Faircrest Steel Plant
Local 1123

Randy Feemster
Negotiator - Gambrinus Steel Plant
Local 1123

Joseph Hoagland
Negotiator - Harrison Steel Plant
Local 1123



2005
SUPPLEMENTAL UNEMPLOYMENT
BENEFIT AGREEMENT
And
401(k) AGREEMENT

Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA
AFL-CIO

THE TIMKEN COMPANY
CANTON, OHIO

2005
SUPPLEMENTAL UNEMPLOYMENT
BENEFIT AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

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2005
SUPPLEMENTAL UNEMPLOYMENT
BENEFIT AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THIS AGREEMENT, dated September 23, 2005, hereinafter referred to as the "2005 Supplemental Unemployment Benefit Agreement", is between THE TIMKEN COMPANY, hereinafter referred to as the "Company", and UNITED STEELWORKERS OF AMERICA, AFL-CIO on behalf of itself and Local Unions No. 1123 and 1123 Unit 03, said International Union and Local Unions collectively being referred to as the "Union", and effective on January 1, 2006.

The parties agree as follows:

SECTION 1. Whenever used herein:

A. The terms "Company", "Union", "Employee", and "He" shall have the same meanings as are ascribed to such words in the current Basic Labor Agreement between the parties in respect of rates of pay, hours of work and conditions of employment.

B. The parties have entered into a series of Agreements, including amendments or extensions thereof, the most recent of which is dated January 14, 2000, embodying a Supplemental

Unemployment Benefit Plan. The parties have reached an agreement on a revised Plan which will operate as a continuation of the Supplemental Unemployment Benefit Plan, as set forth in the prior Agreements, and will provide for the payment of Supplemental Unemployment Benefits as hereafter set forth.

SECTION 2. The parties agree as follows as to Supplemental Unemployment Benefits:

A. The Supplemental Unemployment Benefit Plan (hereinafter known as the Plan) attached hereto, and made a part hereof, is hereby adopted and made applicable to the employees.

B. The Company will provide the Union with a report at the end of each payroll quarter which specifies the dollar amount of Weekly Benefits and Short Week Benefits paid under the Plan during such payroll quarter and the cumulative dollar amount of Weekly Benefits and Short Week Benefits paid under the Plan during the calendar year.

C. The employee shall follow the procedure established by the Company for the filing of claims for benefits provided by this Agreement.

The Company will make all determinations as to the right of any employee to benefits under the Agreement in accordance with the governing Agreement documents and will ensure that Agreement's provisions are applied consistently with respect to similarly situated employees. Any denial by the Company of a claim for benefits under the Agreement by an employee will be stated in writing by the Company and delivered or mailed to the employee within a reasonable period of time, but not later than ninety (90) days after

receipt of the claim, unless the Company determines that special circumstances require an extension of time for processing the claim. Written notice of the extension shall be furnished to the employee prior to the termination of the initial ninety (90)-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Company expects to render the benefit determination, which cannot exceed a period of ninety (90) days from the end of the initial period.

The Company shall provide an employee with written or electronic notification of any adverse benefit determination. The notification shall set forth in a manner calculated to be understood by the employee:

1. The specific reason or reasons for the adverse determination;
2. Reference to the specific Agreement provisions on which the determination is based;
3. A description of any additional material or information necessary for the employee to perfect the claim and an explanation of why such material or information is necessary;
4. A description of the Agreement's grievance and arbitration procedures and the time limits applicable to such procedures, including a statement of the employee's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination on review.

If any difference shall arise between the Company and any employee as to the benefits payable to him under the Plan, or as to the interpretation or application of or compliance with the provisions of the Plan or this Agreement, and an

understanding cannot be reached with respect to such difference between representatives of the Company and of the Union designated for the purpose, such dispute may be disposed of in the manner provided for in Article IX - Adjustment of Grievances of the 2005 Basic Labor Agreement commencing with the last step of the grievance procedure preceding arbitration. Any employee who wishes to submit such a dispute to such step of the grievance procedure must have the Representative of the International Union mail a statement of his intention to do so to the Superintendent of Industrial Relations in the plant in which he works, postmarked within ten (10) days from the date of the notice to him of the action to which he objects, which statement shall fully set forth the basis of his objection.

An award of the arbitrator in respect of any such question shall be made retroactive to the date of the occurrence or non-occurrence of the event upon which such question is based, but in no case prior to a date thirty (30) days before such question shall have been presented in writing to the Company. The arbitrator shall have authority only to decide the question in accordance with the applicable provisions of the Plan or this Agreement, but he shall not have authority in any way to alter, add to, or subtract from any of the provisions of the Plan or this Agreement.

D. In the event of the failure of the Company to obtain and retain the rulings referred to in Sections 1 and 2 of Article VIII of the Plan, and the parties will negotiate during the sixty (60) days after the date of denial with respect to modifying the Plan, to meet objections of the Internal Revenue Service or the United States

Department of Labor or with respect to the use that will be made of the money which the Company would otherwise be obligated to contribute under the Plan; provided, however, that no payment of Weekly Benefits provided by the Plan will be retroactive.

If the parties shall fail to reach a satisfactory modification of the Plan within sixty (60) days after the date of denial, the Union shall not be bound by the no-strike pledge contained in Article IV of the current Basic Labor Agreement for a period of fifteen (15) days after the expiration of sixty (60) days after the date of denial; but the then current Basic Labor Agreement, Pension Agreement, and Insurance Agreement between the parties shall not be regarded as terminated. If no strike action is taken during such fifteen (15)-day period, the no-strike pledge contained in Article IV of the current Basic Labor Agreement shall remain in effect for the balance of the term of such Agreements, and this Agreement shall be reinstated for all purposes. It is further agreed that in the event of a strike during such fifteen (15)-day period upon the reaching of a new Agreement as to this Agreement or as to the Plan, this Agreement, as it may be amended by negotiations, shall be reinstated for all purposes.

E. During the term of this Agreement, neither the Union nor any of the employees shall request the Company to increase Weekly Benefits under the Plan or to make any change in the Plan (except as may result from the application of the provisions of Paragraph E hereof) or to make any additional payments on account of the layoff of any of the employees. During the term of this Agreement, the Company shall not have any obli-

gation to negotiate or bargain with the Union with respect to the Plan or this Agreement or changes therein or any other matter referred to in this Paragraph, except as provided in Section 3 and Paragraph E of Section 2 hereof.

SECTION 3.

A. This 2005 Supplemental Unemployment Benefit Agreement shall be effective on January 1, 2006, at 12:01 a.m., except as hereinafter provided, and supersedes the 2000 Supplemental Unemployment Benefit Agreement between the parties.

B. No provision in this Agreement shall be considered as having any retroactive effect, unless it is clearly so stated.

C. This Agreement shall continue in full force and effect until 12:01 a.m., January 1, 2010, and for yearly periods thereafter, unless either party shall notify the other party in writing not less than sixty (60) days before any termination date of the 2005 Basic Labor Agreement between the parties of such party's desire to commence negotiations for a new Agreement.

D. Negotiations for a new Supplemental Unemployment Benefit Agreement shall be carried on concurrently with negotiations for a Basic Labor Agreement to replace the 2005 Basic Labor Agreement.

E. In the event of a strike at the termination of the 2005 Basic Labor Agreement, the operation of this Supplemental Unemployment Benefit Agreement shall not be suspended during the period of such strike until the termination date of this Supplemental Unemployment Benefit Agreement.

F. In the event that no agreement is reached on a new Supplemental Unemployment Benefit Agreement by 12:01 a.m., September 28, 2009, the Union shall not be bound by its no-strike pledge contained in the Basic Labor Agreement then in effect between the parties.

G. The no-strike clause contained in the Basic Labor Agreement between the parties then in effect shall be applicable to this Supplemental Unemployment Benefit Agreement, except as hereinabove provided.

H. Except as provided above, there shall be no strikes by reason of disputes under this Supplemental Unemployment Benefit Agreement during the term of this Agreement.

THE TIMKEN COMPANY

Alan C. Oberster
Manager - Industrial
and Associate Relations

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Joseph Hoagland
Negotiator - Harrison Steel Plant
Local 1123

SUPPLEMENTAL UNEMPLOYMENT BENEFIT PLAN

ARTICLE I - PURPOSE

The purpose of this Supplemental Unemployment Benefit Plan is to supplement State System Unemployment Benefits to the levels herein provided and to provide Short Week Benefits.

The Plan is maintained for the exclusive benefit of employees and the Plan's terms, including those relating to coverage and benefits, are legally enforceable. The Plan shall be administered in accordance with all applicable state and federal laws and regulations.

ARTICLE II - DEFINITIONS

Wherever used herein:

a. The term "Company" means The Timken Company.

b. The term "Plan" means the Supplemental Unemployment Benefit Plan set

forth herein.

c. The term "Employee" means an employee of the Company who is included in a group of employees to whom the Plan shall have been made applicable.

d. The term "part-time Employee" is an employee who regularly, for his own convenience, is not available for full-time employment.

e. The term "Fund" means a trust fund previously established to pay benefits under the Plan.

f. The term "continuous service" means the continuous service of an employee as determined for pension purposes under the Company's Non-Contributory Pension Plan.

g. The term "Weekly Benefit" means the amount of Supplemental Unemployment Benefit payable under the Plan for one (1) calendar week.

ARTICLE III - FINANCING OF BENEFITS

SECTION 1.

The Company had established under prior Plans a Fund for the payment of benefits under the Plan. Effective June 1, 1997, the Company will terminate the Fund as well as any contingent liability accrued with respect to the Company's obligations under prior Supplemental Unemployment Benefit Plans. No person shall have any interest in, or right to, the Fund or any part thereof after its termination.

SECTION 2.

Commencing with calendar year 2006, the Company will pay a maximum of six million dollars (\$6,000,000) to employees in Weekly

Benefits and Short Week Benefits under the Plan for layoffs occurring during each calendar year of the Agreement. At such time as the Company has paid six million dollars (\$6,000,000) during a calendar year, it will not pay any more benefits under the Plan attributable to layoffs occurring in that calendar year. If the Company has paid less than six million dollars (\$6,000,000) in benefits at the end of any calendar year, the amount remaining shall not be added to any amounts paid in subsequent calendar years for benefits under the Plan.

ARTICLE IV - ELIGIBILITY FOR WEEKLY BENEFITS

SECTION 1.

No person shall be eligible for a Weekly Benefit, unless he has met the eligibility requirements of this Article.

SECTION 2.

An employee shall be eligible for a Weekly Benefit only if he is on layoff from the Company for not more than a continuous period of two (2) years with respect to the week for which application is made, if such week does not occur at a time when the Company has fully paid its financial obligations to this Plan for that calendar year, and if

a. such layoff

(1) began on or after January 1, 2006, or if an employee was already on layoff on such date who meets all other eligibility requirements hereunder, and

(2) began after the employee shall have completed two (2) years of continuous service, and

(3) was from a group of employees to whom the Plan shall have been made applicable, and

(4) occurred in a reduction in force or as a result of the permanent shutdown of a plant, department, or subdivision thereof, and

(5) was not a quit, except that in the case of a quit during a layoff the period of layoff prior to the quit will be counted as a layoff under the Plan, and

(6) was not a suspension or discharge, and

(7) was not a consequence of any strike, slowdown, work stoppage, picketing, or concerted action involving employees or members of a Union, which is the collective bargaining agent of the employee, whether at any operation of the Company or elsewhere, and

(8) was not a consequence of any strike, slowdown, work stoppage, picketing, or concerted action at any operation of the Company, or of any labor dispute of any kind involving persons employed by the Company, when such action interferes with production or the ingress or egress of material or product at the operation where the layoff occurs, and

(9) was not a consequence of any strike, slowdown, work stoppage, picketing, or concerted action or any labor dispute of any kind involving persons employed by transportation or utility companies which directly interferes with production or the ingress or egress of material or product at the operation where the layoff occurs, and

(10) was not due to any war or hostile

action of a foreign power, and

(11) was not due to government regulations or controls over amount or kind of material or product which the Company may use or sell, and

(12) was not due to sabotage or insurrection, and

b. with respect to such week, the employee,

(1) is available for work, and

(2) was not scheduled to be, or was not, on paid vacation; provided that, if a layoff coincides in part or in whole with a scheduled vacation period, an employee will be considered to be on layoff only for any part of such period with respect to which he is not entitled to receive vacation pay or has not previously received pay in lieu of vacation; and provided, further, that for the purposes of the Plan, an employee who is entitled to vacation pay at the time of layoff shall be deemed to have a scheduled vacation for the number of weeks between the time of layoff and the end of the vacation year in which such weeks fall (namely June 24, 2006, June 30, 2007, June 28, 2008, and June 27, 2009), equal to the number of weeks of vacation pay which he then receives, and

(3) has not refused either at the time of layoff or during layoff to accept an assignment to any work at the same or any other operation of the Company, except that an employee may refuse two (2) offers of work in the Security Pool, as defined in the 2005 Basic Labor Agreement, and

(4) has not failed, regardless of the rea-

son, to respond to recall within three (3) working days (or any greater number of days which may be authorized under any applicable bargaining agreement), and

(5) was not eligible for and was not claiming any Accident or Sickness or Total Disability Benefit, whether publicly or privately financed, or any Pension or Retirement Benefit financed in whole or in part by the Company, and

(6) was not in military service (including training encampments), and

(7) did not receive any Unemployment Benefit from or under any contract, plan, or arrangement of any other employer and was not eligible for such a benefit from or under any contract, plan, or arrangement of any employer with whom he has greater service than with the Company.

SECTION 3.

For the purposes of this Article, an employee shall be considered as on layoff for any week in which, because of lack of work, he is not scheduled or assigned to work at all for the Company; provided, however, that in the event of a layoff which is the result of an Act of God or an order issued by a competent court or agency under any Federal or State Environmental Law which requires the Company to reduce or suspend operations, benefits shall be paid only for the first four (4) weeks (the first five (5) weeks, if the first such week is a waiting week under the state system) of such layoff.

ARTICLE V - AMOUNT OF WEEKLY BENEFIT

SECTION 1.

Subject to adjustment, as provided in this Article, the amount of each Weekly Benefit for which an employee shall be eligible shall be determined according to the following schedule of benefits, based upon the employee's continuous service and labor grade, both as of the date of layoff:

<u>Years of Service</u>	<u>Labor Grade</u>	<u>Weekly Benefit Week 1 to Week 26</u>	<u>Weekly Benefit Beginning Week 27</u>
Less than 2 years	Not Applicable	0	0
2 to 19 years	1 to 10	\$120	\$235 for additional 26 weeks
2 to 19 years	11 and above	\$150	\$235 for additional 26 weeks

SECTION 2.

For an employee who is on a temporary lay-off, the schedule of benefits shall be as set forth in Section 1 above. However, if there is a holiday or holidays in a calendar week when Weekly Benefits for a temporary layoff are paid, the following schedule of benefits is applicable, based on the employee's continuous service at the time of layoff:

<u>Years of Service</u>	<u>1 Holiday</u>	<u>2 Holidays</u>	<u>3 Holidays</u>
Less than 2 years	0	0	0
2 to 19 years	\$145	\$110	\$75

SECTION 3.

Weekly Benefits will be paid according to the normal payroll cycle for each employee. If an employee has elected direct deposit of his earnings into a checking or savings account for regular pay purposes, Weekly Benefits will be directly deposited in the same fashion. Weekly Benefits will be considered earnings under the then current Pension Agreement.

SECTION 4.

Successive periods of layoff separated by less than six (6) months of active work will be considered one (1) period of layoff for purposes of determining duration of benefits.

SECTION 5.

There shall be deducted from the amount of any Weekly Benefit any amount required to be withheld by reason of any law or regulation for the payment of taxes or otherwise of any federal, state, or municipal government.

ARTICLE VI - SHORT WEEK BENEFITS

SECTION 1.

An employee having two (2) or more years of continuous service may receive a Short Week Benefit for any week in which, because of lack of work, he is scheduled or assigned to work for the Company for less than thirty-two (32) hours, or in the case of a part-time employee, less than four-fifths (4/5) of his normal hours.

SECTION 2.

A Short Week Benefit will be an amount determined by multiplying:

- a. the employee's straight-time average

hourly rate excluding shift differential (straight-time hourly earnings for employees with more than twenty (20) years of continuous service) during the week for which such benefit is paid; by

b. the difference between thirty-two (32) hours and the total of:

- (1) the hours he worked in the week;
plus
- (2) the hours he did not work but for which he was paid by the Company;
plus
- (3) the hours he did not work for reasons other than lack of work; provided that, in the case of any employee whose normal work schedule is less than forty (40) hours per week, the thirty-two (32) hours specified above shall be reduced to eighty percent (80%) of the employee's normal work week.

SECTION 3.

A Short Week Benefit will be paid to an employee for any week for which he qualifies and for which he makes application during that week or the following week.

SECTION 4.

Notwithstanding any other provision in this Agreement, Short Week Benefits will be paid for a period of not more than four (4) weeks to any employee whose hours of work in the week are reduced as the result of an Act of God or an order issued by a competent court or agency under any Federal or State Environmental Law which requires the Company to reduce or suspend operations.

**ARTICLE VII -
SPECIAL BENEFITS FOR EMPLOYEES WITH
TWENTY YEARS OF SERVICE**

SECTION 1.

An employee who is laid off because of reduction in force and who, on his last day worked, had twenty (20) years or more of continuous service and who meets the eligibility requirements of Article V shall be eligible to receive Weekly Benefits beyond the maximum duration of such benefits set forth in Article V, provided that such extended Weekly Benefits shall not continue for a period of longer than fifty-two (52) weeks. In the case of an employee affected by a plant shutdown, eligibility for benefits during the period of extended Weekly Benefits shall cease if the employee becomes eligible to receive an unreduced pension.

SECTION 2.

The amount of Weekly Benefit for an employee with twenty (20) or more years of continuous service on his last day worked will be one hundred eighty dollars (\$180) from week one to week 26 and two hundred thirty-five dollars (\$235) beginning week 27 and continuing for an additional seventy-eight (78) weeks. However, if there is a holiday in a calendar week when Weekly Benefits for a temporary layoff are paid, the amount of Weekly Benefit will be one hundred forty-five dollars (\$145) if there is one (1) holiday, one hundred ten dollars (\$110) if there are two (2) holidays, and seventy-five dollars (\$75) if there are three (3) holidays.

**ARTICLE VIII -
CONDITIONS TO THE EFFECTIVENESS AND
CONTINUANCE OF THE PLAN**

SECTION 1.

The Company will not be required to place the Plan in operation, unless and until it shall have received from the Internal Revenue Service a currently effective ruling or rulings, satisfactory to the Company, that payment of benefits shall constitute a currently deductible expense under the Internal Revenue Code of 1986, as now in effect or as hereafter amended, or under any other applicable Federal Tax Law. Continued operation of the Plan shall be conditioned upon retaining such favorable ruling or rulings from the Commissioner of Internal Revenue.

SECTION 2.

The Company shall not be required to place the Plan in operation, unless and until it shall have received from the United States Department of Labor a currently effective ruling or rulings, satisfactory to the Company, that no part of the benefits payable shall be included in the regular rate of any employee. Continued operation of the Plan shall be conditioned upon retaining such favorable ruling or rulings from the United States Department of Labor.

SECTION 3.

If any such ruling referred to in Section 1 and Section 2 of this Article VIII shall be finally denied, no further action need be taken under the Plan thereafter.

SECTION 4.

No Weekly Benefit shall be payable with

respect to any week during the term of this Agreement, unless it remains established, to the satisfaction of the Company, by administrative rulings from competent state authorities or by state statutes that supplementation is permitted. In the event that it shall not remain so established that supplementation is permitted, payments will be made under an alternate arrangement designed to provide benefits, as nearly as possible, similar to Weekly Benefits if and when it shall have been established, to the satisfaction of the Company, that such alternate arrangement shall be permitted by administrative rulings from competent state authorities or by state statutes.

ARTICLE IX - MISCELLANEOUS

SECTION 1.

A person who enters the armed services of the United States directly from the employment of the Company shall, while in service, be deemed, for the purposes of the Plan, to be on leave of absence and shall not be entitled to any Weekly Benefit. Upon the reinstatement of such a person as an employee with unbroken continuous service, such person shall be credited with the same continuous service that he would have had, had he not entered into the armed services but remained an employee of the Company.

SECTION 2.

Except as otherwise required by law, no benefit shall be subject in any way to alienation, sale, transfer, assignment, pledge, attachment, garnishment, execution, or encumbrance of any kind, and any attempt to accomplish the same shall be void. If the Company shall find that such an attempt has been made with respect to any ben-

efit due or to become due to any employee, the Company, in its sole discretion, may terminate the interest of such employee in such benefit and apply the amount of such benefit to or for the benefit of such employee, his spouse, parents, children, or other relatives or dependents, as the Company may determine, and any such application shall be a complete discharge of all liability with respect to such benefit.

SECTION 3.

Except as provided in Section 2 of this Article, benefits shall be payable hereunder only to the person who is eligible therefor, except that if the Company shall find that such person is deceased or is unable to manage his affairs for any reason, any benefit payable to him shall be paid to his duly appointed legal representative, if there be one, and, if not, to the spouse, parents, *children, or other relatives or dependents of such person* as the Company, in its discretion, may determine. Any payment so made shall be a complete discharge of any liability with respect to such benefit. In the case of death of any employee, no benefit shall be payable with respect to any period following the last full week of layoff immediately preceding the employee's death.

SECTION 4.

A person who receives Weekly Benefits under the Plan shall not, by reason thereof, be deemed to be working for the Company during such period nor shall he, by reason thereof, receive benefits under any other benefit plan to which the Company contributes other than those to which he would be entitled if he were not receiving Weekly Benefits.

SECTION 5.

The employee's rights and the Company's right to discharge shall not be enlarged or affected by reason of the Plan. Nothing contained in the Plan shall be deemed to enlarge, qualify, limit, or alter in any manner the Company's management responsibilities.

SECTION 6.

The Company shall have the right to recover any payments made to an employee who was not properly entitled thereto or any overpayments and to adjust underpayments to employees.

**ARTICLE X -
ADMINISTRATION OF THE PLAN**

The Company shall have the exclusive right to administer the Plan and to establish such procedures and promulgate such regulations as are reasonably related to the administration of the Plan and subject to all of its terms and provisions. The costs of administering the Plan shall be borne by the Company.

**2005
401(k) AGREEMENT**

Between

THE TIMKEN COMPANY

And

**UNITED STEELWORKERS OF AMERICA,
AFL-CIO**

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2005
401(k) AGREEMENT
Between
THE TIMKEN COMPANY
And
UNITED STEELWORKERS OF AMERICA,
AFL-CIO

THIS 401(k) AGREEMENT, dated as of September 23, 2005, is between THE TIMKEN COMPANY, hereinafter referred to as the "Company", and UNITED STEELWORKERS OF AMERICA, AFL-CIO on behalf of itself and Local Unions 1123 and 1123 Unit 03, said International Unions and Local Unions collectively being referred to as the "Union", and shall be known as the 2005 401(k) Agreement.

PREAMBLE

WHEREAS, the parties have agreed to establish a 401(k) Plan under a 401(k) Agreement and to provide for the payment of Benefits from the trust to be established.

IT IS HEREBY AGREED, between the parties as follows:

ARTICLE I - DEFINITIONS

Wherever used herein, the terms hereinafter referred to in this 401(k) Agreement shall be understood to have the following meaning:

1. The terms "Company", "Union", and "Employee", shall have the same meanings as ascribed to such words in the 2005 Basic Labor Agreement between the parties dated September 23, 2005, in respect of rates of pay, hours of work, and conditions of employment.

a. "Company" shall mean THE TIMKEN COMPANY;

b. "Union" shall mean UNITED STEEL-WORKERS OF AMERICA, AFL-CIO, on behalf of itself and LOCAL UNIONS NO. 1123 and 1123 Unit 03, said International Union and Local Unions collectively being referred to hereinafter as the "Union";

c. "Employee" shall mean all production and maintenance workers in the bearing, steel and tube plants at Canton, Ohio, the steel and tube plant and bearing plant at Gambrinus (just outside of the City of Canton), the steel plant on Faircrest Street, S.W., Stark County, Ohio, and the plant at Wooster, Ohio, of the Company, excluding supervisors, assistant supervisors, or supervisors in charge of any class of labor, brick-layers, watchmen, guards, factory clerks, or other clerical workers and salaried employees.

2. The terms "Continuous Service" and "Hour of Service" shall have the same meanings as ascribed to such words in the 2005 Pension Agreement between the parties dated September 23, 2005.

a. Except as otherwise provided, the Continuous Service of any Participant for determining his eligibility for and the amount of any 401(k) Benefit hereunder shall be the time from the first employment of said Participant by the

Company until the time of his voluntary retirement, except that such Continuous Service shall be broken and credit for previous service lost by:

(1) Voluntarily quitting the service of the Company. (An unauthorized absence of seven (7) consecutive scheduled working days shall be considered a voluntary quit. Absence for military or naval service, other than temporary training programs of the State Guard or Reserve Forces, shall be considered a voluntary quit, unless otherwise provided by law or by the applicable collective bargaining agreement.)

(2) Discharge for proper cause from the service of the Company.

(3) (a) Layoff for a continuous period of time as produces a break in his accumulated Continuous Service record under the Basic Labor Agreement in effect at the time of a layoff but not to exceed a continuous period of two (2) years.

(b) Any employee on layoff for reduction in force or physical disability who returns to work after January 1, 2006, whose Continuous Service was broken while laid off due to reduction in force after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, or 1993 Basic Labor Agreement shall, after the date of the employee's return to work, have his Continuous Service adjusted so that his Continuous Service, after the date of his return to work, shall be increased by the excess, if any, of his layoff over two (2) years, up to a maximum increase of two (2) years.

(c) Any active employee as of

January 1, 2006, whose Continuous Service was broken while laid off for physical disability after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, or 1993 Basic Labor Agreement shall have his Continuous Service adjusted so that his Continuous Service, as of January 1, 2006, shall be increased by the excess, if any, of his layoff over two (2) years, up to a maximum increase of two (2) years. Any employee on layoff for reduction in force or physical disability who returns to work after January 1, 2006, whose Continuous Service was broken while laid off due to physical disability after July 21, 1980, pursuant to Paragraph 3 of Section K of Article VIII of the 1980, 1983, 1986, 1989, or 1993 Basic Labor Agreement shall, after the date of the employee's return to work, have his Continuous Service adjusted so that his Continuous Service, after the date of his return to work, shall be increased by the excess, if any, of his layoff over two (2) years, up to a maximum increase of two (2) years.

(d) A break in Continuous Service shall not occur during a layoff because of physical disability resulting from an injury or disease for which Workers' Compensation Benefits are payable, provided the Participant returns to work within thirty (30) calendar days after the end of the period for which Total Disability Benefits are payable and provided the total continuous period of his absence from work does not exceed five (5) years. A Participant who receives Workers' Compensation Total Disability Benefits for the entire five (5)-year period or who retires from disability while receiving Workers' Compensation Total Disability Benefits within the five (5)-year period shall

receive credit for Continuous Service until the earlier of the termination of the five (5)-year period or retirement. Any laid off Participant who has extended recall rights as provided in Article VIII, Section H, of the then current Basic Labor Agreement may make an application for a pension during the period in which he has such extended recall rights; provided, however, that if the President, Vice President, Financial Secretary, Treasurer, or Recording Secretary of any Local Union who has been or is an employee of the Company and has been or may hereafter be given a leave of absence on the condition stated in Article VIII of the then current Basic Labor Agreement, such leave of absence shall not constitute a break in such a Participant's record of Continuous Service for the purpose of this 401(k) Agreement.

(e) The adjustment of a Participant's Continuous Service under Subparagraphs (a), (b), (c), or (d) above shall not result in duplicating credit for Continuous Service for the same period of layoff.

b. The term "Hour of Service" means each hour (1) for which a Participant is paid, or entitled to payment for the performance of duties, for the Company or for which he is paid, or entitled to payment, by the Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity (including disability), layoff, jury duty, military duty, or leave of absence; (2) for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company; or (3) for which a Participant is credited pursuant to Sections 410(a)(5)(E) and 411(a)(6)(E) of the Code, solely

for the purpose of determining whether a one (1) year break in service has occurred. Solely for the purposes of determining whether a break in continuous service for participation and vesting purposes has occurred in a Plan Year, a Participant who is absent from work because of a leave of absence under the Family and Medical Leave Act shall receive credit for the Hours of Service which would otherwise have been credited to such Participant but for such absence, or in any case in which such hours cannot be determined, eight (8) Hours of Service per day of such absence. No more than five hundred one (501) hours are required to be credited to a participant on a leave under the Family and Medical Leave Act. A Participant whose leave under the Family and Medical Leave Act is for maternity or paternity reasons, cannot receive credit for Hours of Service under both this provision and Sections 410(a) (5) (E) and 411(a) (6) (E) of the Code for the same period of time. Hours of Service shall be determined by dividing the payments received or due for reasons other than the performance of duties by the lesser of (i) the Participant's most recent hourly rate of compensation for the performance of duties or (ii) the Participant's average hourly rate of compensation for the performance of duties for the most recent computation period in which the Participant completed more than five hundred (500) Hours of Service. Hours of Service shall be computed and credited in accordance with Department of Labor Regulation 2530.200(b).

3. The term "Beneficial Interest" shall mean the proportionate allocation of assets held by the Plan in the name of the Trust on behalf of each Participant, which allocation is determined each

business day for each Participant by the ratio of total contributions to the Plan made by the Participant compared to the total contributions to the Plan made by all Participants.

4. The term Beneficial Loan Interest shall mean the market value of the assets representing the Participant's Beneficial Interest in his Account in the custody of the Trustee as of any valuation date, *determined for Timken common shares by the market price for such common stock, as reported by the New York Stock Exchange, on any valuation date and for other investment options by the market value on the most recent valuation date immediately preceding the date of the loan.*

5. The term "Gross Earnings" shall mean an Employee's regular wages paid (including any overtime or premium payments and any cost-of-living adjustments) during his or her period of participation in the Plan, but excluding any special types of payments, such as, but not limited to, suggestion awards, vacation pay, or retirement benefits. For purposes of this Plan, and in accordance with Section 401(A)(17) of the Code, gross earnings cannot exceed \$210,000 (as adjusted) for a Plan Year.

6. The term "Highly Compensated Employee" shall mean any employee who:

a. was at any time during the current Plan Year or the preceding Plan Year a five percent (5%) or more owner of the Company's outstanding common stock or

b. received compensation during the preceding Plan Year from the Company in excess of \$135,000 (or, if greater, the dollar limitation in effect under Section 414(q)(1)(B) of the Internal

Revenue Code).

A former Employee shall be considered a Highly Compensated Employee, if he separates from service (or was deemed to do so) prior to the year for which the determination is made, performed no service for the Company during such determination year, and was a Highly Compensated Employee for either the year in which he separated from service or any determination year ending on or after his 55th birthday.

The determination of who is a Highly Compensated Employee will be made in accordance with Section 414(q) of the Code and the regulations thereunder. For purposes of this definition, compensation is compensation within the meaning of Section 415(c) (3) of the Code, including elective or wage reduction contributions to a cafeteria plan, cash or deferred arrangement, or tax-sheltered annuity.

7. The term "Participant" shall mean any Employee who meets the requirements of Article II below.

8. The term "Plan" shall mean the 401(k) Plan established by this Agreement.

9. The term "Plan Administrator" shall mean the Company.

10. The term "Plan Year" shall mean a period which includes all pay periods for which payment is made in a calendar year.

11. The term "the 401(k) Trust" or "the Trust" shall mean the Trust established in connection with the Plan which holds and invests the Participant contributions.

12. The term "Trustee" shall mean a trust

company selected by the Company and any successors thereto.

13. The term "Account" shall mean the account maintained for a Participant to record his aggregate share of the contributions to the Plan and adjustments relating thereto. Each Participant's Account shall be divided into an ESOP Account and a Non-ESOP Account.

14. The term "Code" shall mean the Internal Revenue Code of 1986, as amended, or any successor Internal Revenue Code.

15. The term "ESOP" shall mean the portion of the Plan that is described in Article V and is intended to be a stock bonus plan, as defined in Treasury Regulation 1.401-1 (b) (1) (iii), and an employee stock ownership plan, satisfying the requirements of Section 4975 (e) (7) of the Code.

16. The term "ESOP Account" shall mean the portion of a Participant's Account that is included in the ESOP, which has been established pursuant to Article V. The ESOP Account of each Participant shall include amounts allocated to the following sub-accounts: ESOP Wage Reduction Contribution Account and ESOP Rollover Contribution Account.

17. The term "ESOP Rollover Contribution Account" shall mean the account maintained on behalf of a Participant in accordance with Section B of Article V that reflects the Timken common shares and cash, if any, allocated to such Participant under the ESOP in accordance with Article V, Section B, Paragraph 2, as adjusted in accordance with the Plan.

18. The term "ESOP" Wage Reduction Contribution Account" shall mean the account

maintained on behalf of a Participant in accordance with Section B of Article V that reflects the Timken common shares and cash, if any, allocated to such Participant under the ESOP in accordance with Article V, Section B, Paragraph 1, as adjusted in accordance with the Plan.

19. The term "Income" shall mean the net gain or loss of the Trust from investments, as reflected by interest received and accrued, dividends received, realized and unrealized gains and losses on securities, other investment transactions, and expenses paid from the Trust. In determining the income of the Trust for any period, assets shall be valued on the basis of their current market value.

20. The term "Non-ESOP Account" shall mean the account maintained on behalf of a Participant which does not constitute part of the ESOP. Each Participant's Non-ESOP Account shall consist of the following sub-accounts: Non-ESOP Wage Reduction Contribution Account and Non-ESOP Rollover Contribution Account:

21. The term "Non-ESOP" Rollover Contribution Account" shall mean the account maintained on behalf of a Participant in accordance with the Plan that reflects the Rollover Contributions (and allocated earnings) attributable to the Participant, other than amounts transferred pursuant to Article V, Section B, Paragraph 2, as adjusted in accordance with the Plan.

22. The term "Non-ESOP Wage Reduction Contribution Account" shall mean the account maintained on behalf of a Participant in accordance with the Plan that reflects the Wage Reduction Contributions (and allocated earnings)

attributable to the Participant, other than amounts transferred pursuant to Article V, Section B, Paragraph 1, as adjusted in accordance with the Plan.

23. The term "Rollover Contribution" shall mean the portion of the Trust representing contributions made pursuant to Article II, Section B, Paragraph 4, hereof and which consists of all or part of a distribution a Participant receives from a qualified trust described in Section 401(a) of the Code and exempt from taxation under Section 501(a) of the Code, from an annuity plan described in Section 403(a) of the Code, from an annuity contract described in Section 403(b) of the Code, an eligible deferred compensation plan described in Section 457(b) of the Code, or from an individual retirement account or an individual retirement annuity described in Section 408 of the Code, including any earnings on such distribution, but not including any portion of such distribution attributable to post-tax contributions, which is contributed to the Trust.

24. The term "Timken Common Share" shall mean a share or shares of common stock of the Timken Company, Canton, Ohio, which is intended to be "employer securities" within the meaning of Section 409(1) of the Code, and "qualifying employer securities" within the meaning of Section 407(d) (5) of ERISA.

25. The term "Valuation Date" shall mean any day that the New York Stock Exchange is open for business or any other date chosen by the Company to make additional valuations of the Trust as necessary.

26. The term "Wage Reduction Contributions"

shall mean the portion of the Trust representing contributions made pursuant to Article II, Section B, Paragraph 1, hereof.

27. Masculine pronouns wherever used in the Plan shall include feminine or neuter pronouns, and the singular shall include the plural wherever appropriate.

ARTICLE II - 401(k) BENEFITS

A. ELIGIBILITY AND PARTICIPATION

1. Participation in this Plan shall be available only to Employees of the Company in the United States, who have completed the eligibility requirements to be participants under the 2005 Insurance Agreement, that is the completion of the probationary period of one hundred twenty (120) days worked in the employ of the Company.

2. Eligible Employees electing to participate in this Plan for the first time or following a return to active employment with the Company must elect to participate in this Plan by filing a written election to do so, which election will be effective with the first available pay period. Any other election to participate or reparticipate may be accomplished by utilizing the interactive voice response system, which election will be effective with the first available pay period.

3. An Employee's election to participate in this Plan shall designate the amount of wage reduction elected by the Employee to be contributed to this Plan, as provided in Section B of this Article II. Such election shall become effective with the first available pay period.

4. An Employee's election to participate in this Plan shall continue in effect until the Employee utilizes the interactive voice response

system to terminate his or her participation or until such Employee ceases to be eligible to participate in this Plan.

**B. WAGE REDUCTION CONTRIBUTIONS
AND ROLLOVER CONTRIBUTIONS**

1. At any time, in accordance with Section A above, a Participant may elect to have his wages reduced and the subsequent reduction contributed to this Plan, in an amount equal to any whole percent between one percent (1%) and twenty-five (25%) of his Gross Earnings to be deducted from his wages payable for each pay period; provided however, that the percent reduction selected cannot result in more than a \$14,000 wage reduction contribution on behalf of a Participant in a Plan Year (or, if greater, the dollar limitation in effect under Section 402(g)(1) of the Internal Revenue Code). Wage Reduction Contributions shall be deposited in a Participant's Non-ESOP Wage Reduction Contribution Account.

2. A Participant's election as to the rate of his wage reduction contributions to this Plan will remain in effect until the Participant changes his election, ceases to be eligible to participate, or terminates his participation in this Plan.

3. A Participant may change his election as to the rate of wage reduction contributions to this Plan on any business day. Any change made will be effective for the first available pay period and for all succeeding pay periods, unless changed again by the same procedure.

4. A Participant, after filing with the Company the form prescribed by the Plan Administrator, may make a cash contribution to

the Trust in the form of a Rollover Contribution. Before completing the Rollover Contribution, the Participant shall furnish satisfactory evidence to the Plan Administrator that the proposed Rollover Contribution satisfies the requirements of Section 408(d) (3) of the Code. Rollover Contributions shall be deposited in a Participant's Non-ESOP Rollover Contribution Account.

C. LIMITS ON CONTRIBUTIONS

1. In no event shall the annual addition to a Participant's account under this Plan and any other contributions to qualified defined contribution plans maintained by the Company exceed the lesser of \$42,000 (or, if greater, one-fourth (1/4) of the dollar limitation indexed for inflation under Section 415(d) of the Code) or twenty-five percent (25%) of the Participant's total compensation from the Company. The annual addition shall be a Participant's wage reduction contributions and amounts allocated after March 31, 1984, to an individual medical account, as defined in Section 415(c)(2) of the Code, which is a part of a pension or annuity plan maintained by the Company. Amounts derived from contributions paid or accrued after December 31, 1985, in taxable years ending after such date, which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in Section 419A(d)(3) of the Code, under a welfare benefit fund, as defined in Section 419(e) of the Code, maintained by the Company are also treated as annual additions. For purposes of this Section C, Paragraph 1, *compensation shall include all amounts received by a Participant from the Company during a Plan Year for the performance of personal services to the extent that such amounts are includable in*

taxable income. In no event shall the amount of Participant wage reduction contributions to a Participant's account exceed \$14,000 for any Plan Year (or, if greater, the dollar limitation in effect under Section 402(g)(1) of the Code).

2. If the annual addition limitation for any Participant would be exceeded by the amounts contributed to this Plan and any other defined contribution plans maintained by the Company, the contributions to the Participant's account made under this Plan shall be reduced as necessary.

D. INTERESTS NON-FORFEITABLE

Participants shall have an immediate fully vested and non-forfeitable right to Participant contributions properly credited to their respective accounts and the income attributable thereto.

E. VETERANS' RIGHTS

1. A Participant who is reemployed by the Company pursuant to the provisions of the Uniformed Services Employment and Reemployment Rights Act of 1994 shall be treated as not having incurred a break in service with the Company by reason of such Participant's period or periods of service in the armed forces of the United States. Each period served by a Participant in the armed forces shall, upon reemployment, be deemed to constitute service with the Company for purposes of determining and non-forfeatability of benefits and the accrual of benefits under the Plan.

2. A Participant so reemployed shall be entitled to accrued benefits that are contingent on the making of, or derived from, Wage Reduction Contributions only to the extent such Participant

makes payment to the Plan with respect to such Wage Reduction Contributions. No such payment may exceed the amount the Participant would have been permitted to contribute had the Participant remained continuously employed by the Company through the period of service in the armed forces. Any payment of Wage Reduction Contributions to the Plan shall be made during the period beginning with the date of reemployment and whose duration is three (3) times the period of the Participant's service in the armed forces, not to exceed a maximum duration of five (5) years.

3. For purposes of computing Wage Reduction Contributions under Section E, Paragraph 2, above, the Participant's Gross Earnings during the period of service in the armed forces shall be computed at the rate the Participant would have received, but for the period of service in the armed forces, or, in the case that the determination of such rate is not reasonably certain, on the basis of the Participant's average Gross Earnings during the twelve (12)-month period immediately preceding such period of service in the armed forces, or if shorter, the period of employment immediately preceding such period.

ARTICLE III - OPERATION OF THE TRUST

A. INVESTMENT OF FUNDS

1. A Participant will be able to invest his Wage Reduction Contributions and Rollover Contributions in the investment options offered by the Trustee, which options shall be selected by the Plan Administrator. The Plan Administrator will offer four (4) basic investment options to

Participants and may offer additional investment options. There will be no investment fees for Participants for the four (4) basic options, but investment fees on the additional options will be charged to the account of any Participant electing them. At the time the Participant enrolls or re-enrolls in the Plan, he or she may elect what percentage, if any, of his Wage Reduction Contributions and Rollover Contributions, in increments of one percent (1%), he wishes to place in each investment option. A Participant who does not make any selection of investment options will have his Wage Reduction Contributions and Rollover Contributions placed in any investment option or options selected in a manner determined by the Plan Administrator, until such time as the Participant selects investment options.

2. Each business day, the Trustee or its designee shall, by appropriate accounting procedures, determine the Beneficial Interest of each Participant in the assets then held in the Trust.

3. As soon as possible following the end of each calendar quarter, each Participant shall receive a statement showing the details of the Participant's Beneficial Interest in the Trust.

4. A Participant can request fund transfers on any business day of his prior Wage Reduction Contributions and Rollover Contributions from one (1) investment option to another. The Participant may elect what percentage, if any, of those assets in the Participant's investment accounts will be reallocated in one percent (1%) increments to the investment options chosen by the Participant.

5. In accordance with federal law, the Plan

Administrator shall provide notice of any blackout period to all Participants and beneficiaries whose rights under the Plan will be temporarily suspended, limited, or restricted. A blackout period is any period of more than three (3)-consecutive business days during which Participants and beneficiaries will not be able to direct or diversify assets credited to their Accounts, to obtain loans from the Plan, or to obtain distributions from the Plan.

**B. DISTRIBUTIONS AND HARDSHIP
WITHDRAWALS FROM THE TRUST**

1. a. The shares held in the Trust for the benefit of a Participant shall be distributed to the Participant upon retirement at or after normal retirement age sixty-five (65), upon early retirement as provided under the then current Pension Agreement, upon reaching April 1 of the calendar year following the calendar year in which the Participant attains age seventy and one-half (70 1/2), upon a break in Continuous Service with the Company, or to the Participant's beneficiary upon the death of the Participant, or a hardship withdrawal, except as hereinafter provided.

b. Early retirement shall include retirement at any age under sixty-five (65) years with not less than thirty (30) years of continuous service, retirement at the age of sixty (60) years with not less than twenty-five (25) years of continuous service, retirement at the age of sixty-two (62) years with not less than fifteen (15) years of continuous service, retirement with an actuarially reduced Pension Benefit between the ages of sixty (60) and sixty-two (62) with not less than fifteen (15) years of continuous service, retirement due to shutdown or layoff, and retirement due to

disability.

2. a. The shares and cash held in the Trust for the benefit of a Participant remaining undistributed at the time of the Participant's death shall be distributed to the Participant's beneficiary. Except as provided in Paragraph 2.b. below, (1) the sole beneficiary of a Participant who is married at the time of his death shall be his spouse, and (2) the sole beneficiary of a Participant who is not married at the time of his death shall be his estate. For this purpose, a spouse means a person who is married (as legally recognized by applicable state law) to the Participant.

b. A Participant may designate one (1) or more beneficiaries other than or in addition to his spouse or estate, but only in accordance with the following rules:

(1) A beneficiary designation may be made, revoked, or changed only in writing on a form supplied by the Plan Administrator, signed by the Participant and filed with the Plan Administrator prior to the Participant's death. If a valid beneficiary designation is revoked and not replaced with a new and valid beneficiary designation prior to the Participant's death, the beneficiary shall be as provided in Paragraph 2.a. above. An effective beneficiary designation filed with the Plan Administrator by a Participant shall act to revoke in their entirety all previous benefits designations filed by such Participant.

(2) A beneficiary must be a natural person, a trust that meets the requirements provided in Paragraph b.3. below, the Participant's estate, or an entity that is a tax-exempt organization qualified under Section

501(c) (3) of the Code. The person, trust, or other entity to be designated as a beneficiary, other than the Participant's estate, must be in existence at the time the beneficiary designation is filed with the Plan Administrator. The Plan Administrator may require the Participant to provide evidence of the existence of the designated beneficiary and, if applicable, the tax-exempt status of the Section 501(c) (3) organization, or the identity of named executor(s) of the Participant's estate.

(3) To be designated as a beneficiary, a trust must meet the following requirements: (a) the trust must be a valid trust under state law (or would be except for the fact that there is no trust corpus) and (b) the beneficiaries of the trust are identifiable from the trust instrument. The Plan Administrator may require the Participant to submit either the entire trust instrument or a certification of the trust on a form provided by the Plan Administrator.

c. A Participant may elect at any time to waive the surviving spouse as beneficiary and may make any such election at any time. Such an election shall not take effect unless the spouse of the Participant (as of the date of death) has consented in writing to such election, such election designates a beneficiary which may not be changed without spousal consent (or the consent of the spouse expressly permits designations by the Participant without any requirement of further consent by the spouse) and the spouse's consent acknowledges the effect of such election and is witnessed by a notary public, or it is established to the satisfaction of the Plan Administrator that the consent required may not be obtained because there is no spouse, because the spouse cannot be locat-

ed, or because of such other circumstances as the Secretary of the Treasury may be regulations prescribe. Any consent by a spouse (or establishment that the consent of a spouse may not be obtained) shall be effective only with respect to such spouse.

3. a. Such distributions shall be made in cash in a lump sum or in installments as soon as possible following completion of a distribution request form following one of the events described in Article III, Section B, Paragraph 1, above. If the distribution exceeds \$1000 effective March 28, 2005, or if the account balance of the Participant ever exceeded \$1000 effective March 28, 2005, at the time of a prior distribution, it cannot be distributed without the written consent of the Participant. Effective March 28, 2005, the value of a distribution will be calculated to include any Rollover Contributions and any earnings allocated to Rollover Contributions.

b. For distributions made from the Plan, the appropriate tax withholdings will be made, unless the Participant instructs the Plan Administrator, pursuant to procedures to be implemented by the Plan Administrator, to roll over directly his eligible rollover distribution to an eligible retirement plan. A direct rollover is a payment by the Plan to the eligible retirement plan specified by the Participant. An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the Participant, except that an eligible rollover distribution does not include (1) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Participant or the joint lives (or joint life expectancies) of the

Participant and the Participant's designated beneficiary, or for a specified period of ten (10) years or more; and (2) any distribution to the extent such distribution is required under Section 401(a)(9) of the Code. An eligible retirement plan is an individual retirement account described in Section 408(a) of the Code, an individual retirement annuity described in Section 408(b) of the Code, an annuity plan described in Section 403(a) of the Code, an annuity contract described in Section 403(b) of the Code, an eligible deferred compensation plan described in Section 457(b) of the Code, or a qualified trust described in Section 401(a) of the Code, that accepts the Participant's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity. For purposes of this provision, a Participant includes an Employee or former Employee, a Participant's surviving spouse, and a Participant's spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Section 414(p) of the Code.

c. A Participant or beneficiary electing to receive a distribution in installments shall elect the frequency of the distribution which may be monthly, quarterly, semi-annually, or annually over a period not to exceed the recipient's life expectancy according to procedures established by the Company.

4. a. Unless the Participant otherwise elects, the payment of benefits to a Participant shall begin not later than the 60th day after the latest of the close of the year in which (a) the Participant attains age sixty-five (65), (b) the

Participant completes ten (10) years of Continuous Service, or (c) the Participant terminates his service with the Company. The election to postpone the payment of benefits beyond the time specified above shall be made by submitting to the Plan Administrator a written statement, signed by the Participant, which describes the benefit and the date on which the payment of such benefit shall commence. Such an election may not be made if the exercise of such election will cause benefits payable under this Agreement in the event of the death of the Participant to be more than incidental.

b. Notwithstanding the foregoing provisions, in no event shall payment of such benefits be deferred beyond April 1 of the calendar year following the calendar year in which the Participant attains (or, in the case of a deceased Participant, would have attained) age seventy and one-half (70-1/2). If distributions are required to be made under this Section B, Paragraph 4.b., they shall be made in a lump sum payment or in installments. The requirements of this Section B, Paragraph 4.b., shall apply to any distribution of a Participant's interest and will take precedence over any inconsistent provisions of this Plan. All distributions required under this Section B, Paragraph 4.b., shall be determined and made in accordance with the regulations under Section 401(a)(9) of the Code, including the minimum distribution incidental benefit requirement of Section 1.401(a)(9)-2 of the regulations.

5. A Participant or beneficiary otherwise entitled to a distribution from the Plan may elect to retain said distribution in the Plan until such time as the Participant or beneficiary shall direct

the Trustee to make said distribution, provided that such distribution must be made not later than the time specified in Section B, Paragraph 4.b., above. Upon written notice from the Participant or beneficiary, such distribution shall be made in cash in a lump sum or in installments as soon as possible after the notice is received.

6. The assets of the Trust to be distributed to a Participant or Beneficiary shall include dividends attributable to investment in Timken common shares which are payable to shareholders of record as of the end of the quarter with respect to which the calculation is being made.

7. a. Partial or total distributions of his wage reduction contributions may also be made to a Participant, upon application to the Trustee, in cases of hardship. If a Participant elects a withdrawal prior to the date he retires, becomes disabled, or terminates his service with the Company, such withdrawal will require the consent of the Trustee and such consent shall be given only if, under uniform rules and regulations, and in conformance with procedures established by the Company, the Trustee determines that the purpose of the withdrawal is to meet immediate and heavy financial needs of the Participant, the amount of the withdrawal does not exceed such financial need, and the amount of the withdrawal is not reasonably available from the resources of the Participant.

b. The determination of whether a Participant has an immediate and heavy financial need will be made on the basis of all relevant facts and circumstances. Financial needs which will be deemed immediate and heavy financial need are the purchase of a primary residence

(excluding mortgage payments) of the Participant, payment of post-secondary educational tuition for a year for the Participant or his dependents, health care expenses incurred by a Participant or his dependents, and the need to prevent the eviction of the Participant from his principal residence or foreclosure on the mortgage of a Participant's principal residence.

c. The determination of whether a distribution is necessary to satisfy an immediate and heavy financial need shall be made on the basis of all relevant facts and circumstances. A distribution will be deemed to satisfy an immediate and heavy financial need if it is not in excess of the amount of the immediate and heavy financial need of the Participant (grossed up to reflect the income taxes that will be assessed on the distribution), the Participant has obtained all distributions (other than hardship distributions) under all plans maintained by the Company, has elected to receive cash dividends on Timken common shares pursuant to Article V, Section F, and the Participant agrees that all wage reduction contributions and all other Participant contributions to all plans maintained by the Company will be suspended until twelve (12) months after receipt of the hardship distribution.

d. Such election may be made at any time, but not more frequently than once a year. All withdrawal elections shall be made by a Participant on written forms supplied by the Trustee for that purpose. Such distributions shall be processed immediately following the completion of the application procedure.

8. A Participant may obtain a loan from the Trust upon proper application to the Trust pur-

suant to procedures established by the Plan Administrator. The nature and amount of the loan must conform to the following rules and limits:

a. The minimum loan amount is \$1000.

b. The maximum loan amount is fifty percent (50%) of the Participant's Beneficial Loan Interest, provided, that no loan may be greater than \$50,000, reduced by the highest outstanding loan balance from the Plan during the one (1)-year period ending on the day before the date on which such loan is made. The Trustee will accept only the Participant's accrued benefit as collateral for loans.

c. The term of the loan cannot exceed four (4) years. The term of a loan may be extended beyond four (4) years for a Participant on military leave from the Company with the term of the extension not to exceed the length of said military service.

d. A Participant may have only one (1) loan from this Plan in effect at any one time and may apply for only one (1) loan within each twelve (12)-month period.

e. The Plan Administrator will establish the rate of interest to be charged on all loan balances. This rate of interest will be one percent (1%) in excess of the prime rate as published in the Wall Street Journal the first business day of the month in which the loan is granted. A Participant on military leave from the Company may be entitled to the interest rate reduction provided in the Soldiers' and Sailors' Civil Relief Act of 1940.

f. The loan shall be repaid by the

Participant, if the Participant is an active Employee, through payroll deduction as established by the loan agreement. If the Participant is not an active Employee, the Participant and the Company shall agree to a repayment schedule which shall be incorporated in the loan agreement. The loan may be repaid in full at a date earlier than provided in the loan agreement with no penalty. Interest paid by the Participant will be credited directly to the Participant's account. The loan fee of \$50.00 per loan will be paid by the Participant from funds other than those in the Trust.

g. The loan amount will be taken on a pro-rata basis from the Beneficial Loan Interest in all investment options at the time of the loan. If a Participant has selected Timken common shares as an investment option, the Participant can choose whether the pro-rata loan amount is taken from the Participant's ESOP Account or Non-ESOP Amount. Repayments will be redeposited into the Participant's current investment options and contributions using the current ratio. No repayments will be deposited in ESOP Accounts.

h. If a Participant does not repay a loan which he or she may have from the Plan, the Trustee will declare such loan to be in default when the loan is in arrears of repayment for more than ninety (90) days. The Trustee may take steps to preserve Plan assets, if necessary, in the event of such default. Once default has been established, the amount of the loan in default (unpaid principal and the interest accrued thereon) shall be treated as a distribution from the Plan in the Plan Year in which the default occurs. The amount of the default will not constitute part of

subsequent distributions from the Trust.

i. The proceeds of the loan cannot be applied toward the purchase of any securities.

j. Loans may be applied for on any business day. Loan application shall be made through the interactive voice response system.

9. a. When a Participant has satisfied the eligibility requirements of the Plan, the Company may transfer the Participant's account balance under another qualified defined contribution plan or a conduit individual retirement account which authorizes such transfers to the Plan. Transferred accounts shall be subject to such rights, restrictions, and features (including vesting provisions) applicable to assets in similar accounts contributed to and held under the Plan. The Plan Administrator may establish such non-discriminatory restrictions and rules applicable to such transfers from the Plan and transfers to the Plan as it may determine to be necessary or desirable to maintain the qualified status of the Plan. In no event shall any amount be transferred to the Trust from a defined benefit pension plan or a money purchase pension plan.

b. The Company may transfer a Participant's account under the Plan to another qualified defined contribution plan maintained by the Company, when the Participant transfers employment from an employee group covered by the Plan to an employee group not so covered, provided that the other plan accepts such transfers. Accounts so transferred shall be subject to such rights, restrictions, and features (including vesting provisions) applicable to assets in similar accounts contributed to and held under the other plan. The

Plan Administrator may establish such non-discriminatory restrictions and rules applicable to such transfers as it may determine to be necessary or desirable to maintain the qualified status of the Plan (and any other plan sponsored by it) under the Code.

C. EQUITY DETERMINATION

1. The Company may amend or revoke the wage reduction election of any Participant at any time, if the Company determines that such revocation or amendment is necessary to ensure that the annual addition to a Participant's account for any Plan Year will not exceed the limitations of Section C, Paragraph 1, of Article II or to ensure that the discrimination tests of Section 401(k) or 401(m) of the Code are met for such Plan Year. The discrimination tests shall be (a) that the Employees eligible to benefit under this Plan shall satisfy the non-discrimination provisions of Section 410(b)(1) of the Code, (b) that the actual deferral percentage for Highly Compensated Employees for such Plan Year meets the tests of Section 401(k)(3) of the Code, and (c) that the actual contribution percentage for Highly Compensated Employees for such Plan Year meets the tests of Section 401(m) of the Code.

2. In the event that the Plan should fail to meet the tests referred to in Section C, Paragraph 1, of this Article III, the amount of excess contributions for a Highly Compensated Employee for a Plan Year will be determined by a leveling method under which the dollar amount of contributions by and on behalf of the Highly Compensated Employee with the highest dollar amount of such contributions is reduced to the extent required to enable the Plan to satisfy the actual deferral per-

centage test and/or the actual contribution percentage test or cause such highly Compensated Employee's dollar amount of such contributions to equal the dollar amount of a Highly Compensated Employee with the next highest dollar amount of such contributions. This process is repeated with subsequent Highly Compensated Employees until the Plan satisfies the actual deferral percentage and the actual contribution percentage tests. The distribution of any excess contributions will include the income allocable thereto. The income allocable to excess contributions includes income for the Plan Year for which the excess contributions were made. The amount of excess contributions for a Highly Compensated Employee for a Plan Year will be distributed to that Highly Compensated Employee after the close of the Plan Year in which the excess contribution occurred and within twelve (12) months after the close of the following Plan Year.

**ARTICLE IV - GENERAL CONDITIONS
CONCERNING THE 401(k) AGREEMENT**

**A. MERGER, CONSOLIDATION, OR
TRANSFER**

In case of any merger or consolidation with, or transfer of assets or liabilities to, any other plan, the benefits which would be paid to each Participant in this Plan (if this Plan terminated immediately after the merger, consolidation, or transfer) shall be equal to or greater than the benefit each Participant would have been entitled to receive immediately before the merger, consolidation, or transfer, (if this Plan had then terminated).

B. NON-ALIENATION OF PARTICIPANTS' INTERESTS

1. No right to the monies contributed by a Participant under this Plan, nor in any assets held by the Trustee, shall be subject in any manner to alienation, assignment, encumbrance, pledge, sale, or transfer of any kind prior to being distributed to the Participant as provided in the Plan. However, the Trustee is granted in the Trust Agreement a lien on Trust assets for the payment of Trustee fees and expenses. If at any time prior thereto a Participant shall attempt to alienate, assign, encumber, pledge, sell, or otherwise transfer his or her right to any shares or monies held by the Trustee, such attempted alienation, assignment, encumbrance, pledge, sale, or transfer shall be of no effect. To the extent permitted by law, the interest of a Participant shall also be protected from involuntary attachment, garnishment, or levy. In the event of an attempted attachment, garnishment, or levy of the Participant's interest in the Trust, the Participant will be promptly notified; but the Trustee shall have no obligation to resist such action. In no event shall any person be entitled to the distribution of shares or the payment of monies held by the Trustee prior to the time when distribution is to be made to the Participant as provided in the Plan.

2. Section B, Paragraph 1, above shall not apply if the attachment or garnishment of the Participant's interest in the Trust is to be made pursuant to a qualified domestic relations order, as determined under the procedures of this Plan. A domestic relations order is a judgment, decree, or order that relates to the provision of child support, alimony payments, or marital property rights

to a spouse, former spouse, child, or other dependent of a Participant and is made pursuant to a state domestic relations law. A domestic relations order is qualified if it creates or recognizes the existence of an alternate payee's right to, or assigns to an alternate payee the right to, receive all or a portion of the benefits payable to a Participant under the Plan, specifies (a) the name and last known mailing address of the Participant and of each alternate payee covered under the order, (b) the amount or percentage of the Participant's benefits to be paid to any alternate payee or the manner in which such amount or percentage is to be determined, (c) the number of payments or the period to which the order applies, and (d) each plan to which the order relates. Such order cannot require the Plan to provide any type or form of benefits, or any option, not otherwise provided under the Plan; it cannot require the Plan to provide increased benefits (determined on the basis of actuarial value), and it cannot require the payment of benefits to an alternate payee which are required to be paid to another alternate payee under another order previously determined to be a qualified domestic relations order.

3. Each alternate payee under a qualified domestic relations order shall have the right from time to time to file with the Company a written request regarding the time and manner of payment of the alternate payee's interest in the Plan pursuant to such qualified domestic relations order. Provided such qualified domestic relations order complies with the Internal Revenue Code, such request shall be considered by the Company and shall be acted upon in accordance with the terms of such qualified domestic rela-

tions order. The options available to an alternate payee shall be those set forth in Section B, Paragraph 3, of Article III, unless otherwise modified by the qualified domestic relations order, provided that said qualified domestic relations order cannot enlarge the options available under Section B, Paragraph 3, of Article III. If an alternate payee so desires, distribution of an alternate payee's interest in the Trust may be distributed to such alternate payee, as soon as such qualified domestic relations order is approved by the Company and by the court.

**C. CONDITIONS TO THE EFFECTIVENESS
AND CONTINUANCE OF THE PLAN**

1. The Company will not be required to make any contributions (wage reduction contributions) to the 401(k) Trust required to be established under this Plan or to place any part of the Plan into operation, unless and until it shall have received from the Internal Revenue Service a currently effective ruling or rulings, satisfactory to the Company, that such Trust is a qualified Trust under Sections 401(a), 401(k), and 401(m), of the Code, and exempt from Federal Income Tax under Section 501(a) of the Code. Continued contributions to the Trust and operation of the Plan shall be conditioned upon retaining such favorable ruling or rulings from the Internal Revenue Service.

2. The Company will not be required to make any contributions (wage reduction contributions) to the Trust required to be established under this Plan or to place any part of the Plan into operation, unless and until it shall have received from the United States Department of Labor a currently effective ruling or rulings, satis-

factory to the Company that no part of the contributions to such Trust shall be included in the regular rate of pay of any Employee. Continued contributions to the Trust and operation of the Plan shall be conditioned upon retaining such favorable ruling or rulings.

3. The Company will not be required to make any contributions (wage reduction contributions) to the 401(k) Trust required to be established under this Plan or to place any part of the Plan into operation, unless and until it shall have determined that no action will be taken by the Securities and Exchange Commission concerning such Trust or any information contained or omitted in a registration statement for the Plan. Continued contributions to the Trust and operation of the Plan shall be conditioned upon further determinations by the Company that the Securities and Exchange Commission will take no action concerning the Trust or any information contained or omitted in a registration statement for the Plan.

4. In the event the Plan fails to qualify under the applicable provisions of the Internal Revenue Code, initially or as amended, the contributions shall be returned to the Company and the Participants.

ARTICLE V - ESOP PROVISION

A. ESTABLISHMENT OF ESOP

An employee stock ownership plan ("ESOP") that is intended to meet the requirements of Section 4975(e) (7) of the Code shall be established as a component of the Plan. Such component of the Plan is designed to invest primarily in Timken common shares and consists of ESOP

Accounts of all Participants. This component of the Plan is segregated as a stock bonus plan as defined in Treasury Regulation Section 1.401-1(b)(1)(iii). This Article V is effective January 1, 2002, notwithstanding any other provision of the Plan to the contrary or to the extent that the implementation of any such other provision of the Plan would violate or otherwise limit the effect of this Article.

B. ESOP ACCOUNT

The Company shall establish an ESOP Account in the name of each Participant and shall thereafter maintain a record thereof.

1. Effective January 1 of each Plan Year in which the ESOP is maintained, Timken common shares allocated to a Participant's Non-ESOP Wage Reduction Contribution Account shall be transferred to the Participant's ESOP Wage Reduction Contribution Account.

2. Effective January 1 of each Plan Year in which the ESOP is maintained, Timken common shares allocated to a Participant's Non-ESOP Rollover Contribution Account shall be transferred to the Participant's ESOP Rollover Contribution Account.

3. The ESOP Account of each Participant shall be credited and debited periodically during each Plan Year in which the ESOP is maintained with any additions or reductions in the number of Timken common shares held for such Participant in the Plan due to the reallocation of the investment of the Participant's Non-ESOP Account and ESOP Account, and with any stock and cash dividends paid on Timken common shares held in the Participant's ESOP Account.

4. All Timken common shares purchased

pursuant to a redistribution of the investment of a Participant's Non-ESOP Account shall be directly credited to the Participant's ESOP Account, notwithstanding Section B, Paragraphs 1 and 2, of Article V above.

5. In the event that a Participant elects to diversify the investment of his Account pursuant to Article III, Section A, and the diversification involves a partial liquidation of Timken common shares, Timken common shares shall be liquidated pro-rata from the Participant's Non-ESOP Account and ESOP Account.

6. All Wage Reduction Contributions and Rollover Contributions that are made on behalf of a Participant during the Plan Year and initially invested in Timken common shares in accordance with Article III shall be allocated to the Participant's Non-ESOP Account for such Plan Year, subject to reallocation to the Participant's ESOP Account as directed in this Article V, Section B.

C. NON-DISCRIMINATION TEST

For purposes of applying the tests under Article III, Section C, for any Plan Year in which (1) the ESOP is maintained and (2) the requirements of Section 401(k) (12) and 401(m) (11) of the Code are not satisfied, a single actual deferral percentage and actual contribution percentage, as necessary, will be calculated for the group of Participants who are Highly Compensated Employees and a single actual deferral percentage and actual contribution percentage will be calculated, as necessary, for the group of all other Eligible Employees for a Plan Year, by reason of the fact that, notwithstanding the ESOP, all Wage

Reduction Contributions made in such Plan Year are allocated to the Participant's Non-ESOP Wage Reduction Contribution Account in such Plan Year (including any Wage Reduction Contributions that are invested in Timken common shares) and such account is not part of the ESOP portion of the Plan.

D. INVESTMENT DIRECTION

To the extent a Participant's Account includes amounts originally allocated to an account subject to the Participant's investment direction under Article III, Section A, Paragraph 1, of this Agreement, the Participant shall retain the right to direct investments subject to the provisions of Article III, Section A, Paragraph 1, of this Agreement.

E. VESTING

A Participant shall have a non-forfeitable interest in his ESOP Wage Reduction Contribution Account and ESOP Rollover Contribution Account.

F. PAYMENT OF DIVIDENDS

1. If administratively feasible and approved by the Company, any cash dividends paid with respect to shares of Timken common shares in the ESOP as of the record date shall be paid, at the election of the Participant (or his Beneficiary), to the Participant (or his Beneficiary), or to the Plan and reinvested in Timken common shares. Dividends paid to a Participant (or his Beneficiary) in accordance with this election shall be paid in a manner and in accordance with procedures established by the Company (a) in cash directly to the Participant (or his Beneficiary) or (b) to the Plan and subsequently distributed to the

Participant (or his Beneficiary) in cash no later than ninety (90) days after the close of the Plan Year in which the dividends are paid to the Plan. Dividends described in this Section F will be paid to the Plan and reinvested in Timken common shares with respect to any Participant (or Beneficiary) who does not affirmatively elect to have such dividends paid to him.

2. For purposes of this Section F, "Participant" includes a Participant who is no longer employed by the Company but still has an Account in the Plan.

3. This Section F is intended to comply with Section 404(k) of the Code and shall be interpreted and construed accordingly.

G. VOTING AND TENDER OF ESOP TIMKEN COMMON SHARES

Each Participant, each Beneficiary who has succeeded to the interest of a Participant, and each Alternate Payee ("Eligible Participants and Beneficiaries") in this Plan shall have the authority to direct the exercise of voting rights as to whole shares of Timken common shares held as part of the ESOP for the benefit of the Eligible Participant or Beneficiary as of the most current Valuation Date available preceding the record date for the shareholders' meeting. The Trustee shall furnish Timken's Annual Report, Notice of Annual Meeting, Proxy Statement, Proxy Card, and other shareholder information to each Eligible Participant and Beneficiary and shall solicit each Eligible Participant's and Beneficiary's vote; the Company reserves the option to retain the Trustee to perform these services. All other shares of Timken common shares held in the

Trust, including shares not voted by Eligible Participants or Beneficiaries or not yet allocated to Eligible Participants or Beneficiaries, are to be voted by the Trustee in the same ratio for the election of Directors and for or against each issue as the applicable votes directed by Eligible Participants and Beneficiaries with respect to whole Timken common shares.

H. RIGHT TO RECEIVE A DISTRIBUTION OF TIMKEN COMMON SHARES

In accordance with Article III, Section B, Paragraph 3.a., of this Agreement, distribution of a Participant's ESOP Account when permitted or required under Article III, Section C, of this Agreement, will be made in cash.

I. COMMENCEMENT OF DISTRIBUTIONS

If a Participant or Beneficiary elects, distribution of the balance of a Participant's ESOP Account will be made or will commence not later than one (1) year after the close of the Plan Year:

1. in which the Participant separates from service by reason of the attainment of normal retirement age under the Plan, age seventy and one-half (70-1/2), disability, or death, or

2. which is the fifth Plan Year following the Plan Year in which the Participant otherwise separates from service, unless the Participant is reemployed by the Company before distribution is required to begin under this clause.

J. PUT OPTION

1. At such times as Timken common shares are not readily tradable on an established market at the time of distribution of a Participant's ESOP Account, Timken shall issue a Put Option

to each Participant or Beneficiary receiving a distribution of Timken common shares from the Plan. The Put Option shall permit the Participant or Beneficiary to sell such Timken common shares under a fair valuation formula during the sixty (60) consecutive-day period following the date the Timken common shares were distributed to the Participant or Beneficiary, at which time the Put Option will temporarily lapse. Upon the close of the Plan Year in which such temporary lapse occurs, an independent appraiser (meeting requirements similar to the requirements of the Treasury Regulations prescribed under Section 170(a) (1) of the Code) shall determine the value of the Timken common shares, and the Trustee shall notify each Participant or Beneficiary who received a distribution who did not exercise the initial Put Option prior to its temporary lapse in the preceding Plan Year of the revised value of the Timken common shares. The time during which the Put Option may be exercised shall recommence on the date such notice of revaluation is given and shall permanently terminate sixty (60) days thereafter.

2. The Trustee may, in its discretion and with the consent of the Company, cause the Trust to assume the rights and obligations of the Company at the time the Put Option is exercised, insofar as the repurchase of Timken common shares is concerned. The period during which the Put Option is exercisable shall not include any period during which the holder is unable to exercise such Put Option because the Company is prohibited from honoring it by Federal and State law. The Company or the Trustee, as the case may be, must pay for Timken common shares sold pursuant to a Put Option no less rapidly than

under one of the following two (2) methods, as applicable:

a. If a Put Option is exercised with respect to Timken common shares distributed as part of a total distribution (that is, a distribution of a Participant's or Beneficiary's Account balance within one (1) taxable year), then payment shall be made in substantially equal periodic payments (not less frequently than annually) commencing within thirty (30) days for the date of the exercise of the Put Option and over a period not exceeding five (5) years, with interest payable at a reasonable rate (as determined by the Company) on any unpaid installment balance, with adequate security provided, and without penalty for any prepayment of such installments.

b. If a Put Option is exercised with respect to Timken common shares distributed as part of installment distribution, then the payment for such Timken common shares shall be made in a lump sum no later than thirty (30) days after such Participant or Beneficiary exercises the Put Option.

K. SHARE LEGEND

Timken common shares held in ESOP Accounts or distributed by the Trustee from ESOP Accounts may include such legend restrictions on transferability as the Company may reasonably require in order to assure compliance with applicable Federal and State securities laws.

L. DIVERSIFICATION

Participants in the Plan will be able to direct investments of their entire Account. These Participants will be able to direct their Account from Timken common shares into other invest-

ment options available under the Plan. This provision satisfies Section 401(a) (28) of the Code.

M. LIMITATION ON PERIOD OF DISTRIBUTION

Unless otherwise elected, the distribution of a Participant's ESOP Account will be in substantially equal periodic payments (not less frequently than annually) over a period not longer than the greater of (1) five (5) years or (2) if the balance of the Participant's ESOP Account is in excess of \$500,000 (which amount may be adjusted periodically by the Internal Revenue Service to reflect cost-of-living increases), five (5) years plus one (1) additional year (but not more than five (5) additional years) for each \$100,000 (which amount may be adjusted periodically by the Secretary of Treasury to reflect cost-of-living increases) or fraction thereof by which such balance exceeds \$500,000 (as adjusted).

N. OTHER SECTIONS SUPERCEDED

This Article V supersedes any other provision of the Plan solely to the extent that such other provision conflicts with the terms of this Article V or is inconsistent with the treatment of the portion of the Plan so designated as an ESOP.

**ARTICLE VI -
ADMINISTRATION OF THE PLAN**

A. PLAN ADMINISTRATION

1. The Company, which shall be the Plan Administrator, shall have responsibility for the administration of this Plan, including power to construe said Plan, to select the investment options to be available to Participants, to determine all questions that shall arise thereunder, including particular questions on eligibility and

participation of Employees and all matters necessary for it properly to discharge its duties, powers, and obligations and to apply its established policies concerning the employment status of Participants. The decision of the Company made in good faith upon any manner within the scope of its authority shall be final, but the Company at all times in carrying out its decisions shall act in a uniform and non-discriminatory manner and may from time to time set down uniform rules of interpretation and administration, which rules may be modified from time to time in the light of its experience.

2. The Plan established by this Agreement is maintained for the exclusive benefit of Participants and beneficiaries, and the Plan's terms, including those relating to coverage and benefits, are legally enforceable. The Plan shall be administered in accordance with all applicable state and federal laws and regulations.

B. INFORMATION AS TO 401(k) PLAN

1. The Company agrees to furnish the following additional items of information to the Union:

Information shall be furnished (a) to the District Director at Columbus, Ohio, in five (5) copies, (b) effective as of December 31 of the years in which this Agreement is in effect, and (c) within one hundred twenty (120) days from the 31st day of December of the years in which this Agreement is in effect.

a. Information

(1) Name of Trustee.

(2) Number of employees making

contributions to the Plan.

- (3) List of distributions made during preceding year showing:
 - (a) Social Security number, clock number, name, and address of recipient.
 - (b) Date hired.
 - (c) Amount of distribution.
- (4) Financial information.
 - (a) Assets of funds at beginning of year.
 - (b) Participant contributions during year.
 - (c) Net amount of income for year.
 - (d) Net amount of disbursements.
 - (e) Assets of funds at end of year.

C. CLAIMS PROCEDURES AND SETTLEMENT OF DISPUTES

1. a. The Administrator will make all determinations as to the right of any persons to benefits under the Agreement in accordance with the Agreement and will ensure that the Agreement's provisions are applied consistently with respect to similarly situated claimants. Any denial by the Administrator of a claim for benefits under the Agreement by a claimant, which may be a Participant, beneficiary, or recipient, will be stated

in writing by the Administrator and delivered or mailed to the claimant within a reasonable period of time, but not later than ninety (90) days after receipt of the claim, unless the Administrator determines that special circumstances require an extension of time for processing the claim. Written notice of the extension shall be furnished to the claimant prior to the termination of the initial ninety (90)-day period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Administrator expects to render the benefit determination, which cannot exceed a period of ninety (90) days from the end of the initial period.

b. Manner and Content of Notification of Benefit Determination. The Administrator shall provide a claimant with written or electronic notification of any adverse benefit determination. The notification shall set forth in a manner calculated to be understood by the claimant:

(1) The specific reason or reasons for the adverse determination;

(2) Reference to the specific Agreement provisions on which the determination is based;

(3) A description of any additional material or information necessary for the claimant to perfect the claim and an explanation of why such material or information is necessary;

(4) A description of the Agreement's grievance and arbitration procedures and the time limits applicable to such procedures, including a statement of the claimant's right to bring a civil action under Section 502(a) of ERISA following an adverse benefit determination

on review.

2. If any dispute shall arise between any Participant or beneficiary applying for a benefit and the Administrator or between any Participant or beneficiary applying for a benefit and the Company, as to such Participant's or beneficiary's entitlement to a benefit or the amount of his benefit, such dispute may be disposed of in the manner provided for in the Adjustment of Grievances commencing with the last step in the grievance procedure preceding arbitration of the collective bargaining agreement in effect at the time such action is taken. Any Participant or beneficiary who wishes to submit such a dispute to such step of the grievance procedure must have a notice of his intention to do so filed by the Representative of the International Union with the Administrator postmarked within sixty (60) days from the date of the notice to him of the action to which he objects. The Participant or beneficiary shall state clearly and concisely, in such notice of his intention to submit such dispute to such step of the grievance procedure, all facts which are the basis of his grievance; and if he claims that any Article or Articles of this Agreement are involved, he shall specify such Article or Articles. The notice from the Administrator shall advise such Participant or beneficiary of his right to submit such dispute to such step of the grievance procedure within said time.

3. The arbitrator, in deciding any such dispute and only insofar as necessary to decide such dispute, shall have authority only to interpret and apply the provisions of this Agreement to the facts as presented in evidence to him, but he shall not have the authority to add to or subtract from

or, in any way, to alter or amend any of such provisions. The decision of the arbitrator on such dispute, which shall properly have been referred to him, shall be final and binding upon the Company, the Union, Participant or beneficiary, and the Administrator, unless said decision was procured or induced by corruption, fraud, or undue means or was beyond the scope of the arbitrator's authority herein provided.

4. If no appeal to arbitration is taken in accordance with Section C hereof from any decision of the Administrator either awarding or denying a benefit under this Agreement, or modifying or reversing any earlier decision awarding or denying such benefit, such decision of the Administrator shall be final and binding upon said Participant or beneficiary or any person on his behalf and upon the Union.

ARTICLE VII - EFFECTIVE AND TERMINATION DATES

A. This 2005 401(k) Agreement shall be effective on January 1, 2006, at 12:01 a.m., except as hereinafter provided.

B. No provision in this Agreement shall be considered as having any retroactive effect, unless it is clearly so stated.

C. This Agreement shall continue in full force and effect until 12:01 a.m., January 1, 2010, and for yearly periods thereafter, unless either party shall notify the other party in writing not less than sixty (60) days before any termination date of the 2005 Basic Labor Agreement between the parties of such party's desire to commence negotiations for a new Agreement.

D. Negotiations for a new 401(k) Agreement

shall be carried on concurrently with negotiations for a Basic Labor Agreement to replace the 2005 Basic Labor Agreement.

E. In the event of a strike at the termination of the 2005 Basic Labor Agreement, the operation of this 401(k) Agreement shall not be suspended during the period of such strike until the termination date of this 401(k) Agreement.

F. In the event that no agreement is reached on a new 401(k) Agreement by 12:01 a.m., September 28, 2009, the Union shall not be bound by its no-strike pledge contained in the Basic Labor Agreement then in effect between the parties.

G. The no-strike clause contained in the Basic Labor Agreement between the parties then in effect shall be applicable to this 401(k) Agreement, except as hereinabove provided.

H. Except as provided above, there shall be no strikes by reason of disputes under this 401(k) Agreement during the term of this Agreement.

THE TIMKEN COMPANY

Alan C. Oberster
Manager - Industrial
and Associate Relations

**UNITED STEEL, PAPER AND FORESTRY,
RUBBER, MANUFACTURING, ENERGY,
ALLIED INDUSTRIAL AND SERVICE
WORKERS INTERNATIONAL UNION**

STEELWORKERS OR USW

Leo W. Gerard
International President

James D. English
International Secretary-Treasurer

Tom Conway
International Vice President,
Administration

Leon Lynch
International Vice President,
Human Affairs

David R. McCall
District 1 Director

Dennis Brommer
Sub District Director

Stanley Jasionowski
President - Local Union 1123

William Wright
Vice President - Local Union 1123

Kindell Huffman
Unit Chair - Local Union 1123-03

Patrick Eslich
Negotiator - Canton Bearing Plant
Local 1123

Scott Albertson
Negotiator - Gambrinus Bearing Plant
Local 1123

Paul McKenzie
Negotiator - Faircrest Steel Plant
Local 1123

Randy Feenster
Negotiator - Gambrinus Steel Plant
Local 1123

Joseph Hoagland
Negotiator - Harrison Steel Plant
Local 1123

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